

# FINANCIAL TIMES



Free economics

a good thing



Stunted growth

Forests run short of wood



Trafalgar's Cunard cruise ship-

ping businesses did not fit with

The figures, however, were

## computers at **Russian factory**

US computer company IBM is pulling out of personal computer production in Russia. It says changes in the Russian tax regime have under-TOTAL COMMENTS mined the rationale for making computers locally rather than importing them. Other western com-puter makers have also complained about the effect of tax breaks granted to Russian trading groups with Kremlin connections. These concessions have enabled some favoured dealers to sell imported computers free of tariffs and taxes - normally 21.5 per cent of the selling price. Page 12

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Anna Valida ip

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US data hit rate cut hopes: A boost in consumer confidence and better than expected retail sales figures hit US market hopes of an early cut in interest rates. Retail sales fell 0.3 per cent last month against a predicted 0.5 per cent, while revised December sales data showed a rise of 0.6 per cent from November. Page 12

And And and Franco-German compromise: France and Germany reached a compromise aimed at letting Shines of Side the European Union act more decisively in foreign and security policy issues while allowing member The second of the etates to abstain from involvement in specific miliary and policing decisions. The deal is in prepara-tion for next month's conference on developing the EU. Page 2; Editorial Comment, Page 11

Bombardier bows out: Canadian serospace company Bombardier withdrew as a potential rescuer for Fokker, the near-bankrupt Dutch aircraft maker. Fokker's future now lies either with a second potential bidder, Samsung of South Korea, or possibly as a "stand-alone" role in slimmed-down

French group to split: Media and textiles group Chargeurs plans to split into two separate quoted companies in what is thought to be the first French example of a big demerger. Pathé will take control of television, cinema and press interests, and Chargeurs International will run its textile and distribu-

tion businesses. Page 13: Lex. Page 12



At least 14 people died and about 30 were seriously injured when 120 vehicles were involved in a pile-up on a fog-bound motorway. Fire raged through the cars after the crashes on the E17 Antwerp-Lille Jute and police did not rule out finding more bodies in the burned-out wreckage..

indian opposition walks out: Indian opposition legislators walked out of parliament after demand-ing that prime minister P.V. Narasimha Rao attend to explain his role in a series of political corruption

Wal-Mart declines: US stores group Wal-Mart saw quarterly profits fall for the first time in 25 years. Fourth-quarter earnings dropped by 9 per cent to \$942m compared with the same quarter a

assurance from China: Chinese trade and finance officials sought to reassure foreign inves-tors about the impact of imminent tax reforms. Foreign investors have been worried about the extra administrative burden involved in the reforms and the increased cost of investment. Page 4

lapanese company admits falseho Japanese drugs company Green Cross admitted lying about when it withdrew untreated blood products. The admission angered haemophiliacs infected with the Aids virus HIV from tainted imported blood products. Page 6

Cubana shrug off sanctions: Cuba was defiant in the face of punitive US sanctions order after two small US civilian aircraft were shot down by Cuban lighters. The UN Security Council called for an international investigation into the incident. Page 5

Super League atumbles: Australia's federal court banned Rupert Murdoch's News group from starting a breakaway rugby league – to be called Super League – this season, and said it could not use players it had signed up but who had previqualy been contracted to the Australian Rugby League clubs in any competition. Page 6

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Too much of

Edward Mortimer, Page 10

**South-east Asia** On the brink of an arms race

## IBM stops making Norwegian engineering group holds takeover talks with ailing UK conglomerate

# Kvaerner may bid for Trafalgar

By Andrew Taylor and Patrick Harverson in London and

Trafalgar House revealed yesterday it was in talks with Kvaerner of Norway that could lead to a bid for the struggling UK construction, engineering and shipping conglomerate.

Kvaerner was frustrated last December in a £360m (\$554m) hostile bid for Amec, another UK construction and engineering are already active".

group. The Norwegian engineering and shipping group said yesterday it would only proceed with a purchase with the support of Trafalgar. The share price of Trafalgar, in which Hong Kong Land holds a 26 per cent stake, jumped 8½p to 47½p following the announcement. Kvaerner's B shares fell NKr5 to NKr193.

Kvaerner said the group was talking to Trafalgar because "our long-term strategy is to expand internationally in areas where we

The group has identified its offshore oil and gas fabrication business as well as large international construction and civil engineering projects as two areas where it wants to expand. Trafalgar has large interests in both of

It was not clear, however, if Kvaerner was interested in buying all or a large part of the British group. Kvaerner said: "We are having talks covering a broad range of business opportunities." City analysts doubted whether

Ryaerner had the financial suspended dividend payments strength to buy Trafalgar outright. One analyst said: "Kvaerner does not appear to have the canital or cash reserves to make a move of this size." Kvaerner's stock market value

of about £860m is slightly higher

than Trafalgar's market capitalisation of £813m at yesterday's closing price.

Analysts estimated that the Norwegian company would have to pay at least 55p a share to buy the British group, which

last autumn after making a preincluding NKr568m on the sale of tax loss of £320.8m in the 12 Kvaerner's gas carrier shipping business in April.
Since the end of 1991 the group's share price has underpermonths to the end of September. Kværner said the two groups had overlapping interests in offshore construction and mechani-

formed the Norwegian market. cal engineering but added that The shares have continued to slide with the market worried by recent losses on big projects and Kvaerner's existing activities. Kvaerner doubled profits last falling margins in the shipbuilding industry. year to NKr2.4bn (\$379m) from NKr1.2bn in 1994.

Eschewing battle, Page 19

## Sega to scale down European sales operation

Group will take extraordinary loss of \$245m to cover closures

By William Dawkins in Tokyo and Alice Rawsthom

Sega Enterprises, one of Japan's largest games groups, yesterday announced the closure of its European sales subsidiary and its replacement with a smaller oper-

The move follows a turbulent period for the video games industry during which sales of hardware and software declined from the 1992 peak as enthusiasts waited for the launch of the new generation of 32-bit systems. Sega also faces competition from Sony's 32-bit system, the Japanese consumer electronic group's

first games format. Sega will take a Y26bn (\$245.28m) extraordinary loss in the current financial year to the end of March, to cover the cost of closing Sega Europe's London headquarters and its sales operations in Austria, Belgium and the Netherlands.

The extraordinary loss also includes the rationalisation of Sega's US operation and a writedown on unsold stocks of its 16bit game machines.

Sales of its 16-bit systems have fallen sharply since the introduction last year of the 32-bit Sega Saturn format. Sega also warned that recur-

ring group profits would fall to Y5bn - excluding the extraordipary loss - in the year to the end of March, from Y12.8bn last year. This will be its third successive year of profits decline.

In spite of its difficulties in Europe, Sega is faring well with games in Japan, amusement arcade machines and the Sega-World miniature theme parks.

So far the 32-bit Sony PlayStation has out-sold the Sega Saturn. Durlacher Securities in London estimates Sony has sold almost 4m systems, against fewer than 3m Saturns. Both 32-bit systems will face fresh competition next autumn when Sega's arch-rival Nintendo launches the Ultra 64, its 64-bit system.

The longer-term trend in the games market is towards on-line formats which allow const to access games software developed by companies such as Sega and Nintendo on their computers and pay to play with it for fixed periods

Sega's decision to streamline its European operations was interpreted by analysts as the start of a strategic switch to concentrate on games software and SegaWorld.

The group is moving its Euro-pean headquarters to smaller premises in London and reducing its workforce in Europe from 300 to 125. Some of Sega Europe's former employees in London will be transferred within the capital to the SegaWorld complex due to open in July at the Trocadero, Piccadilly Circus.

The streamlined Sega Europe will continue to handle sales of the group's games in the UK, France, Germany and Spain. In other European countries it will sell through independent agents. I to collect royalties on 1950s and



general election on Sunday. Polls predict he may oust Socialist Felipe González as prime minister. Aznar rides high, Page 3

## Tokyo agrees to extend music copyright

By Michiyo Nakamoto in Tokyo and Alice Rawsthorn in London

Japan has agreed to amend its copyright property rules on recorded music following complaints to the World Trade Organisation by the US and the European Union.

The Japanese Agency for Cultural Affairs has started proceedings to extend copyright protec-tion for record companies and performing artists back to 1946 from the current date of 1971.

The changes will bring Japanese law into line with legislation in the US and EU and will enable western record companies 1960s recordings including those US. Some \$5.93bn worth of single Presley, the Beach Boys gles and albums were sold there and the Beatles

Both the US and the EU had initiated dispute settlement proceedings at the WTO over copyright, claiming Japan was in breach of internationally agreed intellectual property rules.

Japan is the world's largest recorded music market after the

in 1994, according to the International Federation of the Phonographic Industry, representing nearly 17 per cent of the \$35.5bn

Local repertoire absorbs a high proportion of sales, but Japan is also a lucrative market for western record companies with

global music market.

companies have been losing substantial sums of money because of their inability to claim royalties on recordings made between 1946 and 1971.

The US trade representative has estimated that the IIS music industry alone loses roughly

Continued on Page 12

## US West reinforces cable business with \$11bn merger

By Christopher Parkes in Los Angeles

West, the fast-moving communications group, plans to promote itself to the elite ranks of the US industry through an agreed \$11bn stock-and-cash merger with Continental Cablevi-

The link between the aggressive "Baby Bell" regional tele-phone company and one of the few pure cable TV specialists still operating independently, marks the start of a renewed, widelyexpected consolidation in the US communications sector.

US West will pay between \$1bn and \$1.5hn cash and offer shares to an aggregate value of \$5.3hn for all outstanding Continental stock. It will also assume debts of up to \$5.5bn. The deal greatly reinforces US West's cable business which consists of a relatively small wholly owned network and a 25 per cent stake in Time Warner Entertainment, which claims 11.5m subscribers. Mr Gerald Levin, chairman of Time Warner, one of the world's

biggest entertainment and media groups, underscored the move's mportance by immediately issuing a statement that the merger, involving two companies with which it has close bonds, could lead to further "affiliations"

between the three groups.

This unusual intervention from a company not directly involved suggested that, despite a bitter legal battle with US West, Time Warner is eager to keep commercial relationships intact.

The merger announcement fol-lowed implementation of legislation stripping away the remnants of telephone companies' monop-oly powers and coincided with the emergence of new competition for domestic and business users from direct broadcast satel-lite (DBS), "wireless cable" and other data delivery systems.

Both developments had been expected to promote closer bonds between cable television and telephone concerns which, together, have direct wire or optical fibre connections to, or close to, most US homes and businesse o nomes and businesses. Mr Chuck Lillis, president and

CONTENTS

chief executive of US West Media. said the merger marked the "defining day" for the company. which had set out three years ago its plans to evolve into a combined cable/telephone opera-

The agreement will add further to the ferment in the wider communications industry where telecoms, broadcast, cable, satellite, microwave and print media and entertainment groups are jockeying energetically.

The group's main interests in telecommunications include more than 25m customers in 14 western and mid-western states. Continental, the third-biggest cable provider in the country, has 4.2m US customers and passes more than 7m households. It also owns a 10 per cent stake in

the fast-growing PrimeStar satellite television company. PrimeStar, in turn, is part-controlled by Tele-Communications Inc. the biggest US cable group

Continued on Page 12 Cable adverts to cost \$18.5m, Page 7; Lex, Page 12

# has purchased a 33 per cent shareholding and an option for a further 32 per cent in ZPT RADOM S.A. US\$ 64 million from The Ministry of Ownership Changes of the Republic of Poland The undersigned acted as advisers to Seita in this transaction December 1995

O THE FINANCIAL TIMES LIMITED 1996 No 32,920 Week No 9

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# markets

Economics Correspondent

A deep dispute has emerged between European countries about how they should measure financial markets in the

future single currency area.
The problem has emerged as the European Monetary Institute, the forerunner of a future European Central Bank, seeks to find a common system of measuring financial flows across the European Union.

Figures on cross border deemed essential for calculating balance of payments data for setting future monetary policy. But differences have emerged between the UK and countries such as Germany which operate very different systems of measurement.

Countries such as Germany insist the UK's current method for measuring financial flows would be inadequate for a single monetary policy. The UK fears a Continental system would significantly raise reporting requirements for UKbased banks and other financial institutions. A senior UK official said: "If we tried to introduce this system we would have a revolt on our hands, London's financial markets are just so complex we can't demand this kind of

The issue revolves around the question of how transactions and holdings of securities and other financial instruments are recorded.

In such countries as Germany, information is collected by banks each time a transaction in securities or other financial instruments takes place. This allows the banks to submit monthly data on money flowing in and out of the coun-

In the UK, information on financial flows is primarily collected through quarterly survevs by the Bank of England and the Central Statistical

UK monetary authorities insist it is difficult to collect more detailed information because London's financial markets are far larger than those in continental Europe.

The Bank of England and the CSO have offered to estimate monthly trends from existing quarterly figures. But continental countries are demanding genuine monthly data.

One way to avoid the problem would be to assume that the UK will be outside the single currency. However, since rate should be within 1.5 perchanging the statistical system is likely to take several years, the EMI is reluctant to exclude the UK from the harmonisation process as long as there is any chance it will wish to join a single currency in the future.

# Discord on measuring EU's Paris and Bonn agree EU foreign policy opt-out pact

By Peter Norman in Freiburg

France and Germany yesterday reached a compromise designed to allow the European Union to take more decisive action in foreign and security policy issues while allowing member states to opt out of specific military and policing

After a special meeting of the two countries' foreign and European ministers to help prepare for next month's start of the inter-governmental conference on developing the EU, France and Germany issued four pages of guidelines enshrining the idea of "constructive abstention" in any future EU common security and foreign policy.

Constructive abstention means no EU member state would be obliged to provide national forces for joint European military and police

**Economics Correspondent** 

The European Union's first set

of common inflation figures, to

be published tomorrow, will

exclude key areas of consumer

spending because member

states have so far failed to

agree a common way to mea-

Commission statisticians

have been forced to publish the

preliminary data to allow the

Commission to make initial

judgments this year on which

EU countries will be eligible to

the data uncertain, the infla-

tion figures could prove politi-

cally sensitive - some coun-

tries are unlikely to meet the

convergence inflation criterion.

and the data are likely be at

In particular, the new figures

are likely to show inflation in

such countries as Italy, the UK

and Denmark higher than their

The figures published tom-

morrow represent an interim

solution to a problem which

has bedevilled statisticians

The Maastricht treaty stipu

lated that one criterion for

entry into a single currency

was that a country's inflation

centage points of the lowest

three rates in the EU in the 12

months before entry into the

tion in different ways, so Euro-

stat, the EU statistical office in

Member states measure infla-

over the past two years.

national figures.

single currency.

odds with national figures.

However, with the quality of

join the single currency.

sure prices.

ber state that felt unable to take part in such joint action would be unable to hinder the others. The abstaining country would be expected to show solidarity with the other EU states through political support for any action and financial contributions channelled through the EU budget.

Yesterday's Franco-German agreement, a month before the IGC opens in Turin, papered over a division between Germany, which has sought the greatest possible extension of majority voting in EU affairs, and France, which has been especially reluctant to move down this path in foreign and

security matters. Mr Hervé de Charette, the French foreign minister, said the formula agreed yesterday would permit the EU to take decisions which currently were blocked by the need for consensus. Mr Klaus Kinkel, the Ger-

difficult to harmonise

harmonising inflation data.

Some politicians had hoped

that harmonised data would be

available by this year. Some

progress in harmonisation has

been made, but member states

remain at odds over some

areas of inflation methodology.

data Eurostat plans to produce

by the start of 1997, so final

tricht criterion can be made,

are likely to exclude some

areas. Housing costs, for exam-

sensitive, as some

unlikely to meet

ple, are proving controversial

because some countries, such

as Germany, primarily mea-

sure rental costs, while the UK

This week's preliminary data

have been created by excluding

all areas of spending which are

controversial - including own-

er-occupier housing costs,

insurance, health care and for-

eign holidays. Cutting out

these elements result in signifi-

of Dresdner bank, for example,

calculates that German infla-

tion will be only 1.3 per cent in

Kleinwort Benson, a member

cant changes in the figures.

focuses on mortgages.

the Maastricht

criterion

These changes

could prove

countries are

dgements about the Maas-

Even the more harmonised

EU inflation data

the result of the meeting as a sign that Franco-German co-operation continued to be the "motor of European inte-

A key preoccupation of the two sides has been to improve the EU's decision-making capacity in anticipation of its expansion to include new members from southern, eastern, and central Europe, which could lift overall membership from 15 to nearly 80 countries. The joint paper refined the

two nations' approach to the proposed joint foreign and security policy of the EU. It said that in the medium term the two countries wanted to merge the Western European Union, Europe's security body, into the European Union. In the meantime, the European Council of Ministers should

have the competence to decide

common foreign and security

actions which the WEU would

January according to the EU

data - compared with 1.5 per

will rise to 5.8 per cent in Janu-

ary, from 5.5 per cent in the

Meanwhile, UK inflation

could rise to 3.2 per cent, from

the official level of 2.8 per cent.

This is because owner-occupier

prices – which are excluded

from the data - have been fall-

The scale of these changes

could prove politically sensi-

tive, given that some countries

such as Italy – are unlikely

Some observers believe the

A recent Franco-German

study, for example, showed

that German inflation would

have been as much as 0.8 per

cent lower in 1992 and 1993 if it

had been calculated according

the French government statis-

tical service INSEE says: "Our

study with the Germans shows

the scale of Eurostat's problem

ence is very significant when

the Maastricht criterion is

focused on a 1.5 percentage

insisted that Eurostat's prelim-

inary data would still be valu-

able. "We need to be realistic -

these figures are useful

because they drive the har-

monisation process on."

Nevertheless, Mr Lequiller

As Mr François Lequiller, of

to French methods.

point band '

impact of the different method-

ologies could be even larger.

to meet the Maastricht crite-

ing in recent months.

housing costs and insurance

Italian inflation, by contrast,

cent in national figures.

national data.

Union Treaty should include a "solid political solidarity clause" by which all members could expect to be defended by the union. But with an eye to the current dispute between EU member Greece and nonmember Turkey, in which some EU nations have found it difficult to rally fully behind Greece, the paper said solidarity should take account of the legitimate interests of individ ual member states. Mr Kinkel said solidarity should be a "two way street" implying that EU members could not expect support for unreasonable

The statement called for the creation of a joint planning and analytical unit to help the secretariat of the EU council of ministers achieve the necessary coherence in drawing up

Editorial comment, Page 11

## **Extradition** dispute adds to problems

Spain has raised the stakes in its argument with Belgium over extradition by warning that the issue could undermine the planned revision of the European Union's Maastricht

Mr Carlos Westendorp, foreign minister, said on Spanish radio yesterday that EU states must stop providing legal loopholes for terrorist suspects through the notion that some offences were "political".

"If this does not happen there will be no revision." he said, referring to the intergovernmental conference on the future of the EU, due to be launched in Turin on March 29. Mr Westendorp last year chaired the group preparing

for the conference.

The Spanish government is angered by the release from custody in Belgium of a Spanish couple wanted on suspicion of helping Basque Eta terrorists. The release followed a decision by the Belgian council of state to block an extradition order against the couple, sought by Madrid since 1993.

By threatening a veto, Madrid is hoping to mobilise stronger support among other EU obers for the elimination of barriers to extradition within the union. Its tough position partly reflects a public outcry over recent Eta killings, as well as the imminence of general elections next Sun-





Prosecution lawyer Eric Ostberg (centre) discusses the case of Milan Martic (left) yesterday in The Hague with fellow prosecutor Gregory Kehoe of the US (right)

## UN war crimes tribunal hears of Zagreb bombing

In a rare public hearing yesterday, the UN war crimes tribunal was told how Mr Milan Martic, the rebel Serb leader from Croatia, ordered a cluster bomb attack on the heart of Zagreb last May which killed seven people.

But the dock was empty for

the one-day session. The only sight of Mr Martic was on video from Bosnian Serb television. The tribunal watched the stocky former police inspector with a clipped moustache proclaim that he had bombed Croatian cities.

"What the Croats have down is a crime ... As a countermea-sure we have bombarded all

you," he said after Croatian army forces had launched their lightning offensive against western Slavonia, then part of the self-styled Serb republic of Krajina.

But Mr Eric Ostberg, the

Swedish prosecutor lawyer,

said the Orkan rocket attacks on May 2 and 3 1995 were not reprisals. "It was a terror retaliation and it was unlawful." The tribunal has no power to convict 50-year old Mr Martic. who lives in Banja Luka, the Bosnian Serb town - it cannot

convict anyone in absentia. The hearing was held under Rule 61, which gives the victims a chance to testify and can issue an arrest warrant.

ment yesterday that he did not regard the Hague tribunal as legitimate. It was a political court being used to "defeat and humiliate" the Serbs.

The hope behind the public hearing is that it will step up pressure on Serb leaders to extradite Mr Martic. • The UN Security Council

vesterday announced the sus; pension of UN economic sanctions against the Bosnian Serbs. Ms Madeleine Albright, Council president, said that as the Serbs had complied with military requirements specified in the Dayton peace agreement, the sanctions were suspended with immediate-

## EU to examine state aid to problem regions

Fears that state aid to "problem" regions in the European Union is leading to severe distortions of competition have prompted a thorough examination of regional aid rules by industry experts from the member states.

They are worried that the combination of European. national and local schemes in disadvantaged areas such as eastern Germany and southern Italy is leading to such an escalation of aid that the single market is being undermined.

Further, the bulk of regional sive projects. Although this puts competitors from nonaided regions at a disadvantage, the aid is immune from examination under regional

Another key concern is that the Union's richer countries spend significantly more on state aid, often through regional assistance, than the

"The poor countries are losing out. They simply can't compete," said an industry executive in Brussels.

At a meeting in Brussels vesterday top officials from the member states met to address the issue, with a view eventually to drafting a new framework on regional state aid that would apply clear rules to all sectors of industry and ser-

It is hoped that such a framework would enable the Commission's competition services to examine the interface between state aids and and end distortions of the single market.

Under existing EU rules, regional aid is permitted to encourage companies to invest in disadvantaged areas. In general, the aids are designed to provide a financial stimulus to . investors that tilts the balance away from the region's struc-

by the Commission points out that in many cases a largescale investor is usually considering alternative sites in different member states and "this may lead to a spiral of generous promises of aid".

"In assessing large-scale pro jects, a balance must be struck between the requirements of regional development and the need to avoid undue distortions of competition within the internal market," says the document. "An undue distortion." occurs when the advantages of the aided project for the region. concerned are outbalanced by the adverse effects for unaid competitors located in other parts of the European Economic Area."

Most member states agree with the Commission's objectives. However some, such as Germany, are likely to tread carefully in drawing up new proposals, for fear they might interfere with the reconstruction of east Germany...

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# France urged to reorganise its public services

By David Buchan in Paris France is engaged in a false doctrinal quarrel with Brussels over the future of its public services, but must reform and improve them to match liberalisation elsewhere in Europe.

This is the thrust of a report from a high-level expert committee handed to French Prime Minister Alain Juppé yesterday. It comes as the government is struggling to find ways of privatising France Télécom and of altering the monopoly of Electricité de France without provoking a union back-

chaired by Mr Renaud Denoix de Saint-Marc, a senior civil servant, was asked by Mr Juppe last year to define the concept of "public services à la française" which the prime minister had pledged to defend in Brussels.

The widespread French fear is that privatisation, even competition, would introduce inequalities of service, tariffs and access into public services that are rated highly.

The report says the French "doctrine" of impartiallyadministered universal public services to which all citizens should have equal access is broadly reflected in European

Union treaties and jurispru-dence. It concedes it "would be useful" to write these principles more clearly into the EU treaties, perhaps at the intergovernmental conference that starts next month, or into a EU Council of Ministers declara-

This is hardly the major EU constitutional revision that Mr Juppé seemed to be seeking, when he backtracked from his promise on nationwide television in December to entrench the French concept of public service in France's own constitures to end that month's devastating strikes.

As to the organisation of French public services, the report calls for more competition. Far from being a constraint, Europe can "contribute to triggering changes which in the long run will benefit the entire country".

Given the fundamental contribution public services can make to an economy's competitiveness, restructuring could "create eventually more jobs in the rest of the economy than are abolished within the [public service] operators".

Such organisational reforms will not be easy, the report warns, and will require "considerable political courage".

Urging a flexible sector-bysector approach, the Saint-Marc report suggests "a very competitive" structure for telecommunications, made inevitable by the rapid innovation in alternative infrastructure that

can bypass national monopolies. However it also suggests the maintenance of "a considerable degree of monopoly" in the postal system which, for instance, has to carry out unprofitable mail delivery to rural communities.

The report suggests independent regulatory bodies to supervised deregulated sectors a possibility already being studied in the context of the planned privatisation of France

But Mr Juppé has still not announced the new regulatory framework for telecommunica tions that he promised to decide by the end of January. According to some reports, he is wrestling with objections from his industry and telecommunications ministers who do not want their role diminished

by a new agency. The prime minister's office yesterday minimised these objections and said France would meet its commitments to the European Commission and to the US to have the new framework in place by July 1.

# Dini hampered by political scrutiny

Decision to form a party has made life difficult for caretaker PM, says Robert Graham he decision by Mr Lamberto Dini

fight the forthcoming general elections has placed him in a delicate position as caretaker prime minister. in agreeing two weeks ago to remain prime minister following the dissolution of parliament, Mr Dini was careful to ensure he had the strongest possible

mandate.

to form a political party and

But having entered the election campaign as an aspiring politician, the former director-general of the Bank of Italy will be under tight scrutiny for any hint of bias and self-advancement. Such scrutiny is expected to limit his

powers and act as a brake even on normal government business. During 13 months in office Mr Dini has proved adept at heading off conflict and is unlikely to want a confrontation with any of the parties.

The combination of two factors suggests the government risks being virtually paralysed until June – a good six

weeks being allowed for the formation of a new administration after the April 21 general election.

The rightwing alliance, headed by Mr Silvio Berlusconi, the former premier. has been sharply critical of Mr Dini's move into the political arena at the head of an as yet unamed centrist

The alliance is angry that Mr Dini revealed his electoral ambitions - with his sights on becoming the prime minister after the elections - a week after he had agreed to remain as a neutral care-

Despite Mr Dini's protestations of independence, the right sees him as linked to the centre-left which supported him in parliament over the past year. Furthermore, as prime minister, Mr Dini will enjoy an unfair high public profile every day, argue Mr Berlusconi

when Mr Dini acts as host to other EU resigned on January 12, Mr Dini was

leaders at the opening of the intergovernmental conference in Turin at the end of March.

Mr Gianfranco Fini, leader of the rightist National Alliance and the most overtly critical of Mr Dini, yesterday warned the prime minister not to tamper with any legislation, especially that concerning media coverage of the

Mr Fini also warned him against making appointments to sensitive posts in the administration or state-controlled companies. Between now and May a number of important appointments come up for renewal.

These include the boards of Stet, the state-controlled telecoms group due to be privatised. Enel, the state electricity company also due for privatisation, and Eni, the partially privatised national oil

In agreeing to remain prime minister This could be especially delicate two weeks after having formally

careful to obtain the power to make such nominations.

In particular the power to make appointments at Stet, Enel and Eni is essential both for the nature and pace of privatisation.

It is also important that the government try to broker agreement on the nomination of people to run the electricity regulatory authority, and work out the terms for a similar authority for

But in the current climate any major appointment risks controversy. This makes it unlikely that the Stet privatisation will be possible before the summer - considered the window of opportunity for international investors before being crowded out for the rest of the year by the prospective sell-off of Deutsche Telekom. IRI, the state holding company, has been relying on the Stet sale to reduce its debts in line with agreements established in 1993 with the

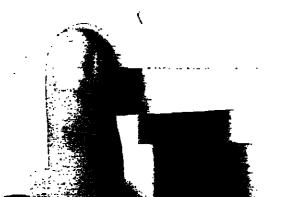
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ing guard dogs and a polluted industrial wasteland, a Spanish Socialist party television election broadcast proclaims: "The right does not believe in this country...it looks to the past and opposes progress... it is not the solu-tion, it is the problem." SPANISH Another, shown on a Cata-ELECTIONS lonia television channel, shows clips of former dic-

March 3 snows true or round tator General Franco directing a battle in the 1936-1939 Spanish Civil War. The narrator who does not mention any names, explains that "Spain has had experience of many rightwing governments...and between 1939 and 1976 it endured a totalitarian dictatorship."

The two broadcasts reflect the view held by Mr Felipe González, the prime minister, who is trailing in the opinion polls for the general election to be held on Sunday, that the centre-right leader Mr José María Aznar has a secret agenda to undo the liberties and the welfare state built up by his 13-year-long Socialist administration. Mr Aznar is well aware that his Popular party narrowly lost the last general elec- after Franco's death, by Mr Adolfo Suarez project was," says Mr Arias Salgado, who

Against a montage of fascist-style rallies, snarltion in 1993 because the Socialist party ran and the now defunct Union of the Demoa similar scare campaign and because Mr González warned Spain's 7m elderly, nearly a quarter of the electorate, that their pensions would be slashed under a PP government. "They were using a single bullet gun then," he said later. "That was their final shot."

Convincing PP wins in the 1994 European parliament elections and in municipal and regional elections last year, together with the evidence of opinion polls for the general election suggest that Mr

The PP leader is, however, leaving nothing to chance. The party's electoral platform is tough on law and order, especially where terrorists and drug traffickers are concerned but it also cares about individual freedoms and about the elderly and disadvantaged. Pensions, it promises, will remain indexed to inflation.

What is more important, Mr Aznar, who is looking increasing confident on the campaign trail, says that the PP is a "centrist" party that intends to "turn a new page" in contemporary Spanish history by leading the "second transition". This is the sub-title of the book Spain in which Mr Aznar sets out his political principles.

The "first transition" was led, a year

cratic Centre (UCD) party by closing the chapter on the dictatorship and ushering in representative government.

Mr Aznar, who was still a law student when democracy was restored, believes it is time to take an equally important step forward by consigning what he calls "the years of Socialist abuse and misrule" to the history books.

Mr Aznar was first elected a member of parliament in 1982, the elections that swept Mr González to power, as a member of the Popular Alliance, an unashamedly conservative party which became the main opposition to the Socialists after the collapse of the UCD.

In his book Mr Aznar says he realised as soon as he entered parliament that if the alliance, later renamed the Popular party, was ever to win an election, it had to recover the centre ground that in 1982 had been so ably courted by Mr González. His consuming political passion has been to moderate Spanish conservatism and to reshape the PP into a centrist party.

Soon after becoming leader of the PP in 1990, Mr Aznar contacted Mr Rafael Arias Salgado one of Mr Suarez's closest associates in the UCD years and a former cabinet minister. "Aznar told me what his

has since become a member of the PP's executive and one of the party's chief strategists. "He wanted to promote younger people who had had nothing to do with Francoism and to bring about a generational renewal in the PP; he wanted to bring former UCD politicians into the party; he wanted to recover the UCD's message and the spirit of the transition."

Last month Mr Aznar hosted a PP national congress that had all the euphoric trimings of a US party convention. The theme was "the centre wins" and a succession of speakers hailed the value of the "centre". Mr Aznar was delighted: "l now have the party I like," he told the 3.000 cheering delegates.

The revamped PP combines Christian democrats and "one nation" conservatives, free market liberals and "stakeholder society" theorists, but Mr Aznar keeps the resulting hybrid on a tight rein.

Critics, especially the party veterans who fell foul of the generational renewal, say Mr Aznar is high-handed and has killed off internal debate.

"He chairs a round of opinions, sometimes cutting people off in mid-sentence and then makes his own mind up," says one victim of Mr Aznar's style.

Mr Arias Salgado, who has vivid memories of the internal party fighting that

brought the old UCD down - and allowed Mr González's Socialists in - says that Mr Aznar is in "full command" of the PP and this is just as well. With only limited experience of democracy, domestic voters perceive too much debate to be evidence of divisions and "a divided party gets pun-

ished in the polls".

Mr Aznar's key achievement, however, has been to educate the traditionalist Spanish right into realising that if it wants to get the Socialists out it has to forget its Franco-style authoritarianism because the silent majority in Spain has no truck with turning the clock back.

"What really brought the UCD down was that the conservatives couldn't swallow our reformist policies on giving home rule to the regions, on tax and on religious issues such as divorce," says Mr Arias

Mr Aznar has, at least so far, kept the conservatives behind him - there is no major party to the PP's right - although he promises to co-operate with regional governments, to clamp down on tax loopholes and to keep existing abortion legislation on the statute book.

Whatever Francoist images the Socialists might conjure up, the PP now looks to most observers like any other European centre-right party.



Aznar: 'the party I like'

**EUROPEAN NEWS DIGEST** 

## Tax raid on Commerzbank

German tax officials yesterday raided the Frankfurt headquarters of Commerzbank, Germany's third biggest bank, and three other branches seeking evidence of tax evasion through the transfer of funds to Luxembourg and other

Some 200 officials searched the bank premises to see if bank employees had given positive assistance to German residents shifting funds abroad to escape Germany's high taxes. Other banks which have been targeted for this reason by German authorities include Dresdner Bank, Hypo Capital Management (HCM), which is part of Bayerische Hypotheken und Wechselbank, Merrill Lynch of the US and Norddeutsche

Landesbank Commerzbank's involvement stems from the theft of a customer account list from its Luxembourg subsidiary by a consultant who tried to blackmail the bank. He was jailed for three years last October, and the list handed by police to tax investigators. It is not illegal for Germans to hold funds abroad, but earnings must be declared for taxation Andrew Fisher, Frankfurt

## Boycott costs Bordeaux \$200m

Bordeaux wine exports have been severely damaged by boycotts over French nuclear testing in the South Pacific and will take several years to recover, winemakers admitted yesterday. Mr Hubert Bouteiller, chairman of the CIVB industry body, said: "The scrapping from wine lists, the cancelling of orders and the postponement of sales promotions have had serious consequences for the weakest of the wine trade." Mr Francois de Chaxel, a wine trader who is also a CIVB official, estimated Bordeaux would suffer losses of at least FFr1bn (\$200m). President Jacques Chirac has said that overall French exports have been unaffected by the boycott calls. The tests ended last month.

## Russian bank wins nickel case

Russia's Oneximbank yesterday won an important legal battle in its efforts to assert control over Norilsk Nikel, the world's leading nickel producer, but it is still not clear if the Moscow financiers will win their war with the company's management The Moscow Arbitrage Court yesterday rejected Norilsk Nikel's bid to have the sale of some of its shares to Oneximbank declared illegal. Oneximbank acquired a controlling stake in Norilsk Nikel last year, under Russia's controversial shares-for-loans programme. But the enterprise's Soviet era bosses have launched a political and legal battle to have the bank's shares revert to full government ownership.

Oneximbank officials hailed the court's decision as a victory, "Justice has triumphed," a bank spokesman said. "Now there is a possibility for legal and constructive work at Norilsk Nikel to begin." But, before the court's decision takes effect, the Norilsk Nikel management has a month in which it may appeal to a higher body. If it does so, the enterprise is likely to remain under the control of its existing management Chrystia Freeland, Moscow

## Briton dies in Russian shoot-out

A British businessman visiting St Petersburg was yesterday killed by a stray bullet in one of the gun-battles which have become an increasingly common way of doing business in Russia. Mr John Hyden, 40, from the Edinburgh area, was hit when gunmen with sawn-off Kalashnikovs burst into the Vienna Cafe, a restaurant inside the Nevsky Palace, one of St Petersburg's top hotels. The intended victim was Victor Gavrilenkov, a director of a private company which police believe has gangster connections. He was wounded and is 'stable" in hospital. Two police officers, acting as his

bodyguards, died in the shoot-out. Mr Hyden, a solicitor, was working with the European Bank for Reconstruction and Development but was not employed by it. Chrystia Freeland, Moscow

## Belarus banks face takeover

President Alexander Lukashenko of Belarus has stepped up efforts to return banks to state control, pledging to renationalise the six biggest. Speaking to factory workers in Minsk, he said that "in the near future" the government would obtain controlling stakes in six banks: Belagroprombank, Belbisnesbank, Belpromstroibank, Belvneshekonbank,

Priorbank an Sperbank BelarusBank.
Mr Lukashenko's economic policies have earned him the censure of western economists and the International Monetary Fund, which this month decided to postpone the second tranche of a \$300m standby loan. But Mr Lukashenko appears unrepentant. He admitted breaking the law earlier this month by taking over the partially private Minsk Inter-bank
Currency Exchange and said that he must place the interests
of his impoverished citizens before the law or international Chrystia Freeland, Moscot

## Hamburg tops EU wealth league

The Hamburg, Brussels and Paris regions are the richest in The Hamburg, Brussels and Paris regions are the richest in the European Union while parts of Portugal, Spain and Greece trail badly, the EU's statistics office Eurostat reported yesterday. Hamburg was top of the league for GDP per head with an index of 190 – almost twice the EU average (100). Brussels is second with 182 and Paris-Ile de France, which embraces the French capital and suburbs, comes third on 166.

The table, which is based on 1993 figures, puts Portugal's Alentejo and the Azores way behind the rest with an index of only 42. No region in Greece, Portugal or Spain reached the EU average although Spain's Balearics and Madrid came close with 99 and 97. Eurostat said the five new German länder, which were below the EU average in 1992, were above it in Reuter, Brussels

## **Belarus** succumbs to Yeltsin embrace

By Chrystia Freeland in Moscow and Matthew Kaminski in Kiev

Russia yesterday drew neighbouring Belarus closer into its political and economic embrace as Russian President Boris Yeltsin sought to play on widespread public nostalgia for

the Soviet Union.
The Russian leader and Mr Alexander Lukashenko, the fiery president of Belarus, signed an agreement on closer economic ties. Mr Yeltsin also promised to take a further step towards reintegration at the end of next month, when he said that the two Slavic states, together with the Central Asian republics of Kazakhstan and Kyrgyzstan, would sign a major co-operation deal.

Mr Yeltsin's move coincided with a visit to Ukraine by Mr Gennady Zyuganov, the Communist leader who is the front-runner in the contest for the Russian presidency. Less than four months away from the June 16 presidential poll, both politicians appear to have decided that a national longing for the now defunct Soviet Union could emerge as a

potent campaign issue.

Mr Yeltsin said "life itself" was bringing Russia and Belarus closer together. In an expression of the increasingly intimate ties between the two states, their presidents reached a debt write-off agreement. The deal writes off Belarus' \$500m bill for Russian natural gas in exchange for money Moscow owed its neighbour for the components of nuclear missiles which had been withdrawn to Russia and dismantled there.

But, as one of the three republican leaders who signed the Soviet Union's death warrant in 1991 by forming the Commonwealth of Independent States, Mr Yeltsin must tread carefully in raising the issue of recreating the USSR.

In an implicit defence of his own record and an attempt to distinguish his platform from the communists', Mr Yeltsin said: "We are not creating the Union of Soviet Socialist Republics that the communists are dreaming about. We are strengthening close links for the good of the peoples of Russia and Belarus."

In Kiev, Mr Zyuganov also tried to balance the votewinning promise to rebuild the Soviet Union with assurances to Ukraine and the west that, as president, he would not threaten Kiev's independence. Increasingly, western leaders, especially the US, have come to see a sovereign Ukraine as a vital guarantee against the reemergence of a neo-imperialist

"Our relations should be close, friendly and strategic," Mr Zyuganov said. "There's a great desire to find a solution to the problems that have arisen recently. Without bringing together Belarus, Ukraine, Russia and Kazakhstan, it'll be impossible for any of us to improve our economic situa-

Ukraine's leftist opposition gave its Russian comrades a warm welcome. But both Mr Leonid Kuchma, the president, and Mr Evhen Marchuk, the prime minister, left Kiev before the communists arrived.

Mr Kuchma has openly backed Mr Yeltsin's bid for the presidency, but, on a visit to Washington last week he made clear that he hopes the west will continue to support independent Ukraine even if it comes under pressure from a more nationalist, communistcontrolled Kremlin.

## Danes 'pricing themselves out of work'

Denmark's generous welfare benefits pose "a clear danger of welfare dependency becoming ingrained in society", the Organisation for Economic Co-operation and Development warns in its annual survey of the Danish economy.

The OECD praises Denmark's "satisfactory position with regard to macro-economic fundamentals". But it questions the sustainability and and sees high structural unem-

ployment of 9-10 per cent as evidence that "the underlying micro-economic balance of the economy may not be as healthy as the macro-economic

The current economic recovery is more soundly based than the early 1980s recovery, says the OECD. "In contrast to previous cyclical upturns, household and corporate financial balances have remained healthy, the domestic demand growth which has underpinned the recovery being based on efficiency of its welfare state strong productivity and earn-

The OECD nevertheless more to consolidate the budget position in view of the problems an ageing population will

cause in the coming decade. The report attributes high levels of structural unemployment - defined as not affected by cyclical recovery - to high minimum wages, which make it impossible for workers with low skills to price themselves into the labour market, and generous unemployment benefits, which the report says have removed the financial incentive to work for many.

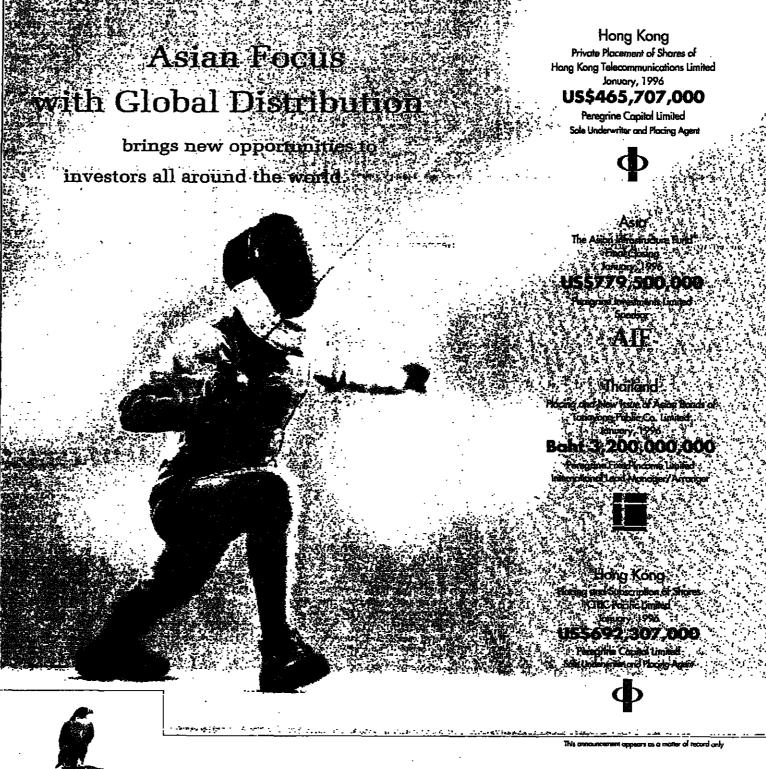
The report notes that Denurges the government to do mark has a tax burden of 57.1 per cent of GDP (at factor cost, 1992 figure), which is higher than in any other OECD country, and government spending. at 67.9 per cent of GDP, which is higher than in any country

except Sweden. In 1993 more than 57 per cent of the adult population received some form of welfare income, including almost 23 per cent who received benefits directly related to their job, either as unemployment compensation or early retirement

"with vigour" to implement a broad-based strategy to increase labour market flexibility if permanent inroads are to be made into unemployment, the report concluded. The OECD also urged

changes in the benefit system. the tax system and the wage structure to enable low-skilled workers to price themselves

The short-term economic outlook is set fair, the OECD says, with forecast GDP growth of 3 per cent in 1996 and inflation at 2.5-3.0 per cent.





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WTO telecoms

deadline stays

The chairman of World Trade Organisation talks to liberalise

the \$500bn a year international telecommunications market.

yesterday ruled out any extension of the April 30 deadline.

by the target date. Some countries favour an extension to

disciplines for liberalised telecoms markets. But others fear a

allow more time for complex negotiations on regulatory

Mr Neil McMillan said the talks were at a critical stage but

he believed there was now enough momentum to reach a deal

WORLD TRADE NEWS DIGEST

# China reassures foreign investors on taxes

By John Ridding in Hong Kong

Chinese finance and trade officials yesterday sought to reassure foreign investors about the impact of tax reforms being implemented this year and claimed success for fiscal measures undertaken

The unification of business taxes and the shift to a value added tax base had increased revenues while reducing the overall tax burden on companies, according to Mr Xiang Huaicheng, the state tax administration. pension of exemptions or He said monthly commercial and industrial tax revenues had risen from about Yuan18bn (\$2.16bn) prior to the reforms, to more than Yuan30bn last January. The overall tax burden last year was about 5.6 per cent he said, compared with almost 7 per cent before the

The Chinese delegation visiting Hong Kong acknowledged concerns among foreign investors relating to the next phase of reform - the reduction of deputy commissioner in the tax relief for exports, the sus-

reductions in customs duties and VAT relating to imports of capital equipment, and tighter supervision of imports for processing trade facilities.

"In the course of implementation some foreign traders may find it difficult to adapt for the time being and may even suffer some loss of interest," said Mr Duan Mujun, deputy commissioner at the Chinese customs administra-

However, he stressed that benefits would result from the elimination of loopholes.

Foreign investors have expressed concerns about the for imports of capital equipextra administrative burden involved in the reforms and the increased cost of invest-

Partly as a result, there has been a sharp increase in project applications as foreign investors seek to win approval for projects before the introduction of reforms on April 1. "People have been rushing to catch the last train," said Mr

Mr Albert Ng, managing partner of Arthur Andersen, the consultancy firm, said that ment would have an impact on investment calculations.

As an example, he noted that profits required to achieve a 15 per cent rate of return on a \$10m total investment, with \$8m of equipment, would be increased from \$1.5m to \$2m, as a result of the VAT

The result, according to Mr Ng, could be a slowdown in investment growth rates. The Chinese officials

and duty charges.

stressed that such disincentives would be offset by a

rates from April, from 35.9 per cent to 23 per cent, and that attracting foreign investment remained a priority.

The Chinese delegation also sought to reassure the Hong Kong business community that the transfer of sovereignty next year would have no impact on trade and tax

"The Chinese tax system will not cross the border," said Mr Xiang.

delay would cause the telecoms talks to become damagingly "The central government intertwined with slow-moving WTO negotiations on maritime will not get a single cent from transport due to end in June. Washington has already made clear it does not want an Hong Kong. extension of the deadline. Three more countries - Brazil, Israel and Poland - have submitted telecoms liberalisation

# Foreign carmakers push Japan's opening door

Manufacturers are quick to benefit from customers' changing attitudes and cuts in technical regulations

ext to the office of Mr Mitsuru Sato, presi-dent of Volkswagen Audi Nippon, is a room full of charts, logging the progress of the Japanese arm of the German car producer.

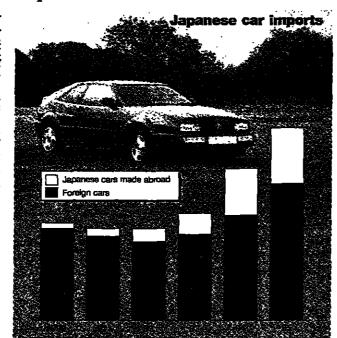
The chart room, open to all employees, has been the focus of quiet celebration recently. Prominently displayed is a graph, adorned with a sticker of a smiling face, showing that VAN last year regained its position as the largest car exporter - by marque - to Japan, for the first time since

Sales had fallen from a peak of 55,000 that year to a trough 25,000 in 1993 after an acrimomous divorce from its former dealer, Yanase. According to Mr Sato's chart, sales picked up by around one-third to nearly 46,000 vehicles last year. and are continuing to grow in

The bulk of that recovery comes from the sheer grind of making up for the 254-dealer network lost with Yanase's

But Mr Sato argues that the revival is also testament to a wider development: the partial opening of what used to be the most closed car market in the developed world, where foreign cars' Japanese market share has risen to 7.3 per cent part over the past five years, an increase of nearly 75 per cent.

He sees two main changes; a shift in Japanese customers' perception of foreign cars from



unaffordable to affordable luxuries; and a substantial reduction in technical regulations from a government responding to US pressure. The change in customer per-

ception was at the heart of VW's divorce with Yanase. The dealer was alarmed at VW's ambitious plans to sell 100,000 cars in Japan by 1995, heresy to its own traditional high price and margin strategy. VW has continued seeking a broader market since breaking

with Yanase, but has had to delay its 100,000 target until the end of the decade. To bring its cars within reach of a wider market, VW, like other foreign producers, has cut prices by 15 per cent over the past two years, so that its Golf now costs an average of 5 per cent more than comparable Japanese makes, says Mr Sato.

Pricing remains a very sensitive issue, judging by the recent Ford advertising campaign alleging that the Golf Ford yesterday said it expects to increase its car sales in Japan with a new model - a US-built Taurus with right-hand drive and features specifically for the Japanese market, Reuter reports from

The Taurus, which comes off line at Ford's plant in Atlanta, Georgia, went on sale in Japan yesterday at prices from Y2.49m (\$23,700) well below Japanese brands in the same class. Ford Japan president Konen Suzuki said the company expected to sell 13,500 new Taurus saloons and estate cars this year, a key to hitting his goal of selling 35,000 imported Ford cars in Japan for 1996.

Ford said it made about 185 styling changes to the Taurus for the Japanese market to the interior and body. Other imported Ford models include the Mondeo and Mustang. Eastern European cars, Page 11

was still overpriced in Japan. But VW says prices are roughly the same or lower than in Germany. Consumers do not appear to be deterred by VW's prices, judging by the fact that 70 per cent of last year's sales were to people who previously bought Japanese. The deregulation measure that benefited foreign car producers the most was permis-

sion, in March 1994, for import-

ers to carry out their own tests

for compliance with Japanese

technical standards, rather Japanese consumers' quality than having to send cars to a

government inspection centre. This is much more than cost benefit. VW, like other importers, has to put imported cars through rigorous quality checks and improvements at its dockside pre-delivery inspection plant. These checks, which add on average 5 per cent to the price, are just to comply with consumers'

nce bodywork and glass has been burnished to the smoothness of a new lacquer box, the cars are stored in a sealed 14storey silo, lest exposure to weather produces miniscule blemishes. In the past, that extra exposure to open air for government inspection only complicated quality control.

Japanese consumers' passion for immaculate bodywork is clearly no barrier to trade. since all car producers must satisfy it.

As far as meeting official quality and technical standards, Mr Sato argues that Japan is now more or less in line with other leading car markets. Japanese consumers. by contrast, are still uniquely demanding, says Mr Hisashi Kawate, VAN's import and dis-

But eventually, VAN hopes to carry out all pre-delivery inspection in Germany, and is is already running a training programme to bring cars up to

But other barriers to foreigners do remain, says Mr Sato. The most important of these is the high cost of land. This is little problem for companies such as Toyota, for example, most of whose 5,000 showrooms were long ago depreciated in its accounts, but serious for newcomers who have to buy property from scratch.

VW is bigger than most

importers with a mere 183 showrooms, split between its own chain of dealers called Fahren, mostly franchisees, and a second called Duo, managed by Toyota.

"For this reason, newcomers will always face difficulties." says Mr Sato. Even after the 60 per cent fall in property prices over the past five years, he believes foreign car companies are unlikely to increase their Japanese market share much beyond 15 per cent, achievable by 2000.

The other barrier he cites is cultural; the shortage of senior Japanese executives prepared to take the risk of working for a foreign company.

To achieve his 100,000 cars per year target, Mr Sato expects to take on extra man-So far, however, Japanese

executives have been less easily seduced by European car companies than consumers. William Dawkins

EU confident on S Africa pact

offers this week, bringing the total to 22 among the 35 full

participants in the talks.

Frances Williams, Geneva

The European Commission yesterday expressed confidence that agreement on a mandate for a wide-ranging trade pact with South Africa was within sight despite the failure of EU foreign ministers to agree terms for the pact on Monday night. Foreign ministers failed for the third time to iron out differences on the terms of the accord which had become bogged down in broader EU disagreements over the creation of

France, in particular, has been concerned whether the deal will be compatible with World Trade Organisation rules and the possibility that it could prompt countries with existing agreements to demand the EU match the terms agreed with

A Commission official said that the South Africa dossier was no longer linked to other future FTAs or with similar agreements with other partners". He added that the ministers had agreed the "basic architecture of the deal". However, the question of an exclusion list of "sensitive" products remains unresolved.

Caroline Southey, Brussels

Ruggiero backs corruption drive

Mr Renato Ruggiero, director general of the World Trade Organisation, yesterday gave his backing to a US proposal for the WTO to tackle corruption in government procurement contracts. In a letter to Mr Ruggiero last week, Mr Mickey Kantor, the US trade representative, asked for the issue of bribery and corruption to be put on the agenda for the WTO's first ministerial meeting in Singapore in December.

Washington has said corruption is the biggest non-tariff parrier to trade, with losses to US companies running into billions of dollars. US groups are forbidden to offer bribes to

 Telecel International of the US has obtained a communications licence for Zambia to build a digital cellular network, including domestic and international transmittal facilities. Telecel International will build the network using the latest wireless technology - CDMA (Code Division Foreign Staff, London Multiple Access).

Motorola of the US has won a \$225m contract from China's Ministry of Posts and Telecommunications to provide cellular communications equipment. The equipment is expected to be deployed throughout China by the end of 1996 but will provide services primarily in the Zhejiang, Sichuan, Fujian, Henan and Jilin provinces.

AFX News, Arlington Heights

**NEWS: INTERNATIONAL** 

## S Africa approves

targets A South African intergovernmental forum ended a two-day meeting yesterday by setting out a new range of tar-gets for economic development over the next 10 years. A policy document, due to be completed in April, will set an annual growth target of 6 per cent by 2000, and creation of 500,000

new jobs a year, writes Roger Matthews in Johannesburg. Mr Thabo Mbeki and Mr F W de Klerk, the two deputy presidents, said the work of the forum had to be seen within the context of President Nelson Mandela's recent call for a "new patriotism".

Mr Mbeki, who is taking an increasingly prominent role in co-ordinating economic policy, said a preliminary analysis showed that to reach the 6 per cent growth target by 2000. non-gold exports would have to rise by 10 per cent a year, and be accompanied by substantial private and public sector

He also said the government aimed to provide municipal services to all South Africans by 2005, and double the share of national income received by the poorest 40 per cent of

"But we cannot hope to achieve the kind of development and economic growth we need unless we discard the mentality of 'business as usual', unco-ordinated government programmes and practices, and lack of willingness to sacrifice and make hard choices," Mr Mbeki said. "Unemployment (at 33 per cent) has become the single greatest problem facing our country, and is an obstacle to sustaining service delivery and preventing crime."

He identified tourism as an industry with enormous potential for creating jobs, but which had been slow in developing concrete strategies. "Tourism accounts for just 2 per cent of gross domestic product compared with 6 per cent worldwide, and only 4 per cent of employment compared with 8 per cent," he said. Mr Mbeki added that by reaching international levels the tourism industry could create an additional 430,000 jobs.

## Iranians set to vote with meaning

tomorrow in what most Robin Allen on election without a known outcome ✓ observers agree will be Iran's first parliamentary electhe revoluti 1979 the outcome of which cannot be predicted.

And the result, when it is known after polling on March s, is being viewed as the verdict of the 40m voters on President Hashemi Rafsanjani's economic policies and a pointer to presidential elections next

All candidates for the elections to the 270-seat majlis have to satisfy the state Supervisory Council, a body composed partly from the Council of Guardians and partly from interior ministry officials, that they are committed to all the features of the Islamic repub-

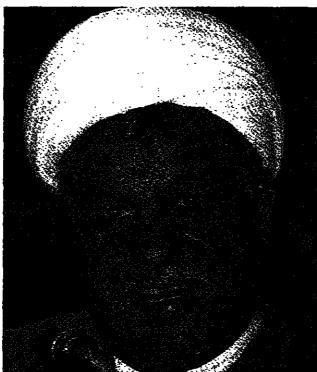
However, "for the first time in Iran's post-revolutionary history of mailis elections, noone can predict the outcome". said Mr Bijan Khajehpour, a Tehran university lecturer.

Voter dissatisfaction is dominated by inflation and the increasing difficulty of "making ends meet". State ideology, totally dominated by the clergy, is not called into question, but the ability of the clergy to modernise the economy is very much in doubt.

believes the poll "could be the starting point for the collapse of the clergy's dominance of the Iranian political scene". Inflation last year is officially put at 54 per cent,

One Iranian commentator whereas the annual increase for an average public sector salary - about IR350,000 per heavily subsidised, have risen





Rafsanjani: would need parliamentary support for economic changes diplomats believe he wants

is pegged at 20 per cent.

Much of the inflation is being felt in soaring rents and rising prices of basic household and consumer durables. The price of a car tyre, for instance, has risen 17 times since 1989. Even foodstuffs, such as rice, bread, cooking oil and sugar. as well as gasoline, which are

month (£76 at the official rate) sharply. The price of rice, for instance, has risen four times

since 1989. Western diplomats believe Mr Rafsanjani would like to change both economic and foreign policy if he had the necessary parliamentary majority. But he would also need a new and more modern personality in the powerful position of maj-

opaque by the influence and views of Iran's spiritual leader, Avatollah Ali Khamenei, who, observers believe, would rather have a president without the driving force of either Mr Rafsanjani or the parliamentary speaker, Hojjatolislam Ali Nateq Nouri.

"The only political philosophy," said one businessman, is Islamic. It covers everything - and nothing. In terms of economic development, no one knows what the 'Islamic'

label means." In the presidential elections next year Mr Rafsanjani is barred by the constitution from standing for a third term. However, a favourable showing by the more "modernist" and 'technocratic" groups which he is widely seen to represent, could, according to Iranian and other analysts, pave the way for a like-minded president to

The main grouping contesting the parliamentary elections is the JRM (Jame' e-Ruhaniyat-Mobaraz or Assembly of Com-batant Clergy), which loosely speaking, holds a majority of 150-160 members in the outgoing majlis. At present, observers agree, parliament "has a clear right-wing majority".

JRM adherents favour economic restructuring in favour of the private sector and away from massive state controls. The group is also said to favour more contact with foreign countries, including the

what is seen as US interference The complexity of the politi- other sweeping conditions.

old-fashioned conservatism epitomised by the speaker Mr Nateq Nouri, it is joined on economic matters by a "modern right", a faction of 40-50 more technocratic-minded MPs, who want to create conditions that would favour the international investment Iran desperately needs.

The balance is represented by a leftist-orientated group, known as the MRM, or Association of Combatant Clergy, who reject any "interference" from the World Bank, the International Monetary Fund or any other foreign financial institution and wants further state economic protection. But the MRM is hovcotting

the elections because it feels the bias of the country is so against its views that it is not worth contesting the poll. This leaves the way free for the JRM group and a recently formed faction, known as the G-16, so called from the original number of its members. Subject to state approval, the

G-16, mostly younger and in some cases more modernminded technocrats, will run a list comprising a minimum of six of their original 16 members and other like-minded

The best know among the six are the central bank governor, Mr Mohsen Nourbakhsh, and Tehran's mayor, Mr Gholamhossein Karbaschi, who is considered as a possible presiden-

## INTERNATIONAL NEWS DIGEST

## **∟ebanon army** to curb protests

Lebanon's government yesterday ordered the army to take a special role in safeguarding security and stop demonstrations for the next three months. Prime Minister Rafik al-Hariri announced the measure two days before trade unions were due to stage a general strike and demonstrations to demand more pay and to protest against what they say is government encroachment on liberties.

Bread riots during a general strike on May 6 1992 toppled then prime minister Omar Karami during a period of currency collapse and soaring inflation. "The country will not return to a state of chaos not for one single hour. . . We will not allow the government to be toppled from the street," declared Mr Hariri, a billionaire tycoon in office since October 1992 with a mandate to rebuild Lebanon.

Unions immediately said they were pressing on with the strike and demonstrations and accused a "scared" Mr Hariri of trying to create a problem between the army and the people. The government's decision puts General Emile Lahoud. commander of the 50,000-strong army, in control of internal security forces totalling another 50,000 men.

Some 30,000 Syrian troops stationed in Lebanon since the mid-1970s have helped to restore security since the 1975-90 civil war ended, but there was no indication that they would play any additional role after yesterday's decision. The unions want a 76 per cent pay rise and a 100 per cent increase in the L£250,000 (£102) monthly minimum wage.

## Iraqi oil talks to resume

Talks on the possible sale of up to \$2bn worth of Iraqi oil, mainly to pay for food and medicine, will resume in New York on March 11, the United Nations said last night. The first round was adjourned on February 19 without formal accord between the UN and Iraq but with signs of progress after 15 days of intensive talks on terms Baghdad must observe under a Security Council resolution adopted last April.

Mr Boutros Boutros Chali, UN secretary general, reported to the Security Council afterwards that he considered that by entering talks Iraq now had accepted the resolution, which it previously rejected. Ms Sylvana Foa, the UN spokeswoman, said last night that the level of representation for the new round of talks was not yet known. A senior Iraqi diplomat at the UN's legal counsel led their respective delegations in the initial talks. Michael Littlejohns, UN Correspondent, New York

## Cuban doctors arrive in SA

Ninety-six Cuban doctors arrived in Johannesburg yesterday on three-year contracts to alleviate critical shortages of staff at South African state clinics and hospitals. Accompanied by Mr Jorge Antelo, Cuba's deputy health minister, the doctors are the first batch of a total of 114 who have been signed up to South Africa as part of an agreement between the two

Most of them will work in isolated rural areas where the shortage of primary health care is most acute. South Africa appealed for assistance from Cuba last year amid a growing shortage of doctors, who are being lured into the private sector or abroad after receiving state-sponsored training in South Africa. Differences between health care in the two countries is stark. Cuba has 56,000 doctors and a doctor-to-patient ratio of 1 to 200, compared with a ratio of 1 to

2,000 in South Africa where there are 43,000 doctors. "This is an extension of the friendship started during our struggle," Mr Nkosezana Zuma, South Africa's health minister, told journalists, referring to Cuba's support for the anti-apartheid movement.

# N body urges action on laundering

By Ian Hamilton Fazey

The international community has failed to take any concrete steps to co-ordinate the fight against money laundering effectively, the United Nations International Narcotics Control Board says in a report released

More than a third of the UN's 185 members have yet to sign the 1988 treaty, which is supposed to co-ordinate international efforts, while many signatory nations have not yet fully implemented the laws and controls to make it work.

The board - which authorises controlled, legal production of drugs such as opium and its derivatives for medicinal use and monitors illegal production

and drug abuse - says criminals have been able to move their laundering to countries with unregulated or poorly supervised financial sectors because of the disarray. Eventually the drug money involved gets into the legitimate world economy.

To fight this more effectively, the board also wants deeper involvement by the financial industry and associated professionals - as well as people selling luxury goods - in spotting sus-

picious transactions. The report says illegal drug producers and traffickers are not only using legally established shell or front companies to do their laundering, but also "ghost" companies, which exist in name only and have never been registered or incorporated. Chost companies appear in shipping documents and fund transfer orders as consignees; freight forwarders or other third parties to conceal the ultimate recipients of illicit

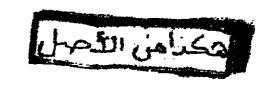
The board recommends that all countries sign the 1988 UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances and amend their laws to implement it, including laws against money laundering and giving courts powers to confiscate traffickers' property. The convention puts the burden of proof regarding

lawful origin of assets on defendants. In addition, financial institutions should be obliged to report suspicious transactions to a specialised international body. The board says UN members should then consider extending the UN's general funding crisis.

this reporting system to individuals such as "professions engaged in financial activities and persons engaged in the sale of expensive goods".

Company law should also be amended to make ownership and beneficial control more transparent, the board says. It also wants an international worldwide system set up for reporting seizures of the proceeds of trafficking and for governments to agree to share the proceeds and plough some back into anti-drug agencies.

It points out that although the 1988 convention encourages some of these proceeds going to such agencies, no such contribution have yet been made to the UN Drug Control Programme, which is now cutting staff because of



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Mr Pat Buchanan has tripled his support among Republican primary voters over the last month, according to a national opinion poll published yesterday.
The New York Times/CBS

survey found him still trailing Senator Bob Dole, the majority leader, by 39-25 per cent, with 12 per cent preferring Mr Lamar Alexander, the former governor of Tennessee and 5 per cent Mr Steve Forbes, the magazine publisher.

The poll also found the main appeal of the former conservative commentator lav more in his uncompromising opposition to abortion and immigration than in his populist economic nationalism, which includes outright protectionism.

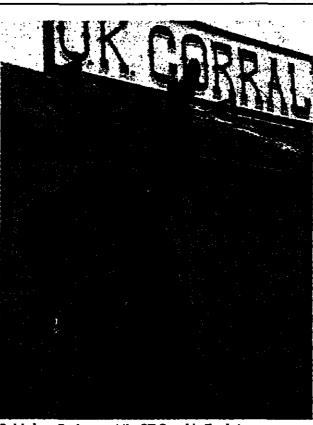
This reflects the composition of primary voters, in both parties more likely to be concentrated in their activists. The religious right, in particular, is turning out in force in the pri-reassuring to him. Although

maries for Mr Buchanan, much to the concern of establish-

ment Republicans. Though assessed favourably by 29 per cent of the Republicans surveyed, up 10 points in a month, 35 per cent held negative views of Mr Buchanan and 48 per cent thought he could not win a general elec-

But the poll confirms what primary voters have already indicated - that he is now a very credible threat to the struggling Mr Dole. The poll also contained bad news for the majority leader. It found he would lose to President Bill Clinton in November by 54-36 per cent, about his widest deflcit in any recent national survey, but no questions were asked about a hypothetical Buchanan-Clinton contest. That finding will encourage

Mr Alexander, who repeatedly maintains Mr Dole will be no match for Mr Clinton, but otherwise the poll was hardly



Quick-draw Buchanan at the OK Corral in Tombstone

time, nearly 70 per cent said they knew little about him The poll was taken before Mr Forbes's victory last Saturday the Delaware primary, which helped his fading cause,

out of single digits for the first but it also revealed that the more Republicans know about him as a result of his heavy advertising, the less they approve of him. His unfavourable/favourable ratio stood at 39-11 per cent.

## Immigrants become a hot election issue



states with big immigrant pop-US ELECTIONS ulations choose November 5 their candidates. The issue

of immigration from Mexico will be exploited by Republican presidential aspirants, with varying degrees of intensity, in primaries from California to Florida to Illinois. Right-wing radio talk shows are pushing proposals that would bring American troops home from Bosnia to guard the US border with Mexico.

Mr Pat Buchanan, the conservative commentator, wants to build a wall along the border: Mr Lamar Alexander. former Tennesee governor, wants a special military force to stop migrants. Later this week, Congress will begin final

debate on the most restrictive immigration laws in 30 years. Down on the border between Arizona and Mexico, the words inscribed on the Statue of Liberty: "Give me your tired, your poor, your huddled masses, seem a distant memory.

Southern Arizona does not want any more huddled masses, and the US Border Patrol, which has recently launched a crackdown on illegal immigration, is deployed in force to stop migrants. Last month it caught 500 per

cent more people illegally crossing the border at the popular spot of Douglas, Arizona, than in January last year. Southern Arizona businessmen do not necessarily share this popular aversion to newcomers: retailers in Sierra Vista, just north of the border. depend heavily on custom from visiting Mexicans who keep mass-market shops such as

Wal-mart and Payless Shoes in

business. Sierra Vista is doing nicely with another major down-market retailer due to open shortly. Even the devaluation of the Mexican peso has not depressed business. But the anti-immigrant

movement - fairly localised and not well mobilised politically - is fuelled by emotion rather than economics. Ultraconservative voters trumpet their patriotism, and support the abolition of bilingual education (children in local schools are given a choice of Spanish or English for some

subjects). They want English declared America's only official lan-guage, and a complete ban on immigration, legal or illegal. Mere mention of the subject provokes angry outbursts from both proponents and opponents of the populist "America

First" movement. Mr Buchanan used his last campaign appearances on the eve of the poll to try to enlist that emotion in favour of his candidacy. Immigration, which had never been a major issue in Arizona where many farms rely on migrant labour and where social services are not burdened with migrant families, had suddenly become a crowd-pleaser for Mr Buchanan. The Arizona result is one test of the strength of "America first" sentiment. More will

## **Defiant** Cuba shrugs off sanctions

By Pascal Fletcher in Havana and Michael Littlejohns at the UN in New York

Cuba remained defiant yesterday in the face of a renewed squeeze on its struggling economy from punitive sanctions ordered by President Bill Clinton for the shooting down of two small US civilian

The incident on Saturday created a new peak of tension in US-Cuban relations, which had been showing signs of improvement. It also seems likely to tarnish, at least temporarily, the image Cuba is trying to cultivate as a country committed to economic reform growing foreign investment and better international rela-

Cuban officials publicly shrugged off the measures ordered by Mr Clinton on Monday. These included the indefinite suspension of charter flights from the US to Cuba and a commitment to reach agreement with Congress on pending legislation to tighten the existing US economic

embargo against Cuba. The suspension of charter flights to Havana, which had recently crept back up to around a dozen a week, was likely to cut off a substantial conduit of cash dollars to Cuba from US-based Cuban exiles. Flows from US-based Cubans through informal channels, including the Miami-Havana flights, were estimated to be at least \$300m a year.

Foreign investment on the island, modest so far but increasingly significant, now faces an increased threat from the pending legislation, called the Helms-Burton bill after its Republican sponsors, which proposes to toughen the US embargo against Cuba.

The United Nations Security Council early yesterday "strongly deplored" the downing of the aircraft by Cuban fighters, while the EU and Canada criticised the disproportionate use of force. The Security Council called for an international investigation into the incident.

## Election year concerns have gone beyond the usual drugs and immigrants, writes Stephen Fidler

## America worries about US reversal on trade

ren Christopher tours five countries in Latin America the first by anyone in his position since 1988 - the region's sensitivities to US affairs are even higher than

It is Latin America's lot to get involved in the US domestic political debate, particularly in a US election year. Since a large majority of America's illicit drugs and most of its illegal immigrants come from the region, the two issues regularly provide a stick for US politicians to beat

Latin American governments. Now there is another issue - trade. Since the middle of the 1980s, a majority of Latin American governments have unilaterally reduced barriers to trade as part of a shift

s US Secretary of State War- in the US shifts towards protectionism, as it has under the influence of Republican would-be presidential candidate Mr Pat Buchanan, Latin American governments get worried.

According to Mr Peter Hakim of the InterAmerican Dialogue, a pan-American think-tank based in Washington, the North American Free Trade Agreement between the US. Canada and Mexico has become a "symbol of the mad dash for globalisation", which appears to have left many US workers worried about job security in its wake.

Trade had been one of the issues of greatest agreement between the US and its Latin neighbours. The Summit of the Americas that President Bill Clinton hosted in Miami in December 1994 agreed upon the towards market-oriented economic negotiation of a free trade area of policies. So when the political debate the Americas by 2005. At the same

joining Nafta. However, Chile's accession to Nafta has been postponed at least until 1997 by the Clinton administration's inability to secure fast track powers from Congress to negotiate trade agreements. Without fast track, Congress can change parts of proposed trade treaties, making negotiations all but impossible.

"I wouldn't be honest if I didn't say that we're frustrated that we have been unable to get fast track authority for the president to undertake trade negotiations, not just with Chile and not just in the hemisphere but around the world," said Mr Alexander Watson, US assistant secretary of state, last week.

Despite continual meetings of

trade ministers of the western hemisphere to discuss the nuts and bolts

time, Chile was invited to discuss of free trade by 2005 - the next is in joining Nafta. Cartagena, Colombia on March 21 momentum towards hemispheric free trade has undoubtedly slowed.

Mr Christopher's visit reflects, observers say, an acknowledgement within the administration that it has done little to follow-up on Miami. Mr Clinton is the first US president for at least two decades not to have visited Latin America, the Mexican financial crisis probably putting paid

to that possibility.

Beginning in El Salvador, where he promised to present to Congress trade proposals to help the countries of the Caribbean basin, Mr Christopher goes to Chile, Brazil, Argentina and Trinidad and Tobago.

Mr Christopher's visit has been complicated already by one factor: Cuba's shooting down at the week-

end of two civilian aircraft. It may

the annual announcement of whether, in the administration's view, foreign governments have done enough to combat illicit drug

trafficking. The certification process is a source of great tension between the US and some Latin American governments. "It is hard to understand," said the Mexican government this month, "how the world's major con-sumer country of illegal drugs can pass judgment on any other nation." Indeed, says Mr Hakim: "There are some years in which the US might not be able to meet its own standards of certifiable perfor-

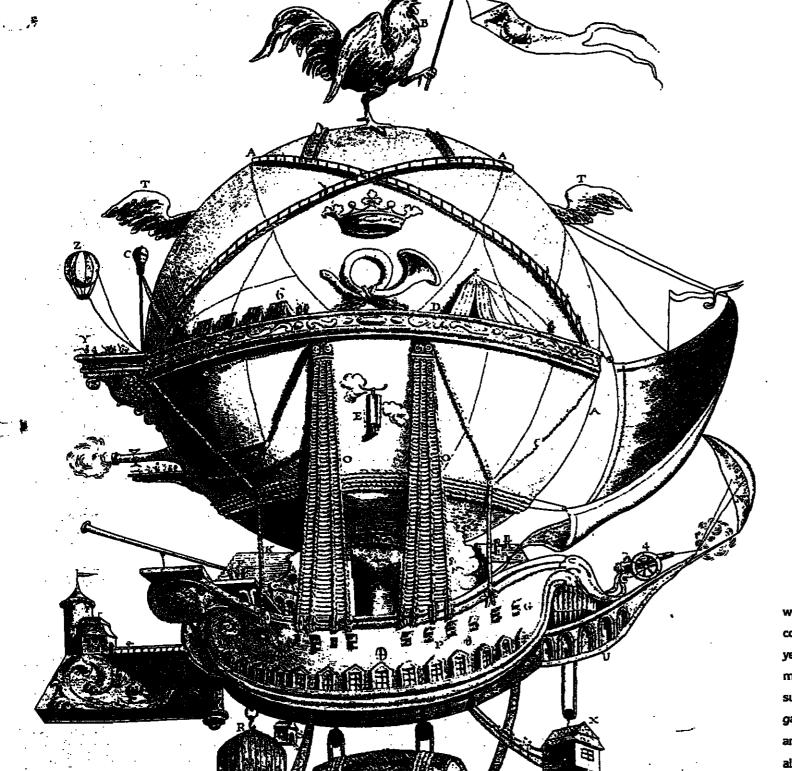
mance ' Last year, Colombia, Bolivia and Peru were denied certification - but with waivers which meant sanctions

be further complicated by another, such as US vetoes for loans in the on Friday, the date of "certification": multilateral development banks would not be applied

This time the US State Department is understood to have recommended that Colombia be denied certification without a waiver, and Mexico also - but with the waiver applied. This has been the subject of internal debate within the administration, with the Treasury arguing that Mexico's de-certification would increase its difficulties in recovering from financial crisis.

As Colombia's President Ernesto Samper fights claims he used drugs money in his 1994 election campaign, de-certification is bound also to be interpreted throughout Latin America as unwarranted interference in that country's internal affairs.

Two countries inside one, Page 10



Degussa on Environmental Protection

While others were exploring the sky, we were exploring ways to keep it clean.

But that was just the Degussa developed the beginning for Degussa. world's first air pollution It was followed by further control, over one hundred developments designed to years ago. Based on a method of eliminating the protect our environment. sulphuric acids from flue Our catalytic converter for car exhausts is just one gases emitted by smelters and factories, this system recent example. And our also resulted in what was DeDIOX process for purifying incineration plant emissions probably the world's is another. first-ever pollution control

patent in 1882.

On land, water and in the air. Degussa is a world pioneer in pollution control. For Degussa, it all began with gold and silver. Today we shine in many more fields.

ONN TO EARTH SOLUTIONS

## India urged to reduce fiscal deficit

By Mark Nicholson in New Delhi

India's Finance Ministry warned yesterday that prospects for economic stability would be "bleak" without a "significant and sustained" cut in the government's fiscal deficit and deeper public sector reforms, advocating that sales of public enterprises be "pursued aggressively".

The Economic Survey, the ministry's detailed annual economic review, also argued that without "major improvements" in basic infrastructure, the country's recent agricultural, industrial and export growth were at risk.

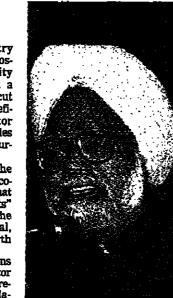
It said policies, institutions and procedures in the sector required reform along with creation of independent regulatory authorities to attract needed private investment into infrastructure.

The survey, which reflects Finance Ministry thinking rather than government policy, said the Indian economy was set to grow by 6.2 per cent for the current fiscal year, against 6.3 per cent in 1994-95, calling this a "remarkable achievement" given India's severe economic crisis in 1991.

"The current momentum of growth appears to be much more sustainable," the survey said, citing the fall of inflation to less than 5 per cent, smaller recent current account deficits and a four-point increase in the country's savings rate to 24.4 per cent for this

The survey is traditionally tabled on the eve of India's budget, and Mr Manmohan Singh, finance minister, will today present an interim budget for the first quarter of the fiscal year starting April I. The government ruled out a full budget given the proximity of elections, expected in April.

Oddly, the survey sidestepped tradition by not offering an



Singh: interim budget today

estimate for this year's fiscal deficit, which is expected to overshoot a budgeted 5.5 per cent of GDP.

The government this year raised a fraction of an expected Rs70bn (£1.25bn) from public asset sales, but the survey said tax revenues have proved more buoyant than budgeted, with personal and corporate tax receipts up 27.6 per cent for the first nine months of the

The survey said the economic performance had been led by strong industrial growth, expected to exceed 10 per cent for the fiscal year, with exports rising 24 per cent over the first nine months. Imports rose 29 per cent and the survey said India should record a "sustainable" 1995-96 current account deficit of \$4.8bn or 1.5 per cent of

The survey also said the rupee's sharp depreciation since August was an "appropriexport competitiveness

# Capital flow hits Taiwan payments balance

By agencies in Talpei

A \$6.77bn net capital outflow from Taiwan last year, following rising tensions with China, led to a record balance of payments deficit and calls vesterday by Mr Lien Chan, the Taiwanese premier, for talks to calm nervous investors.

Taiwan's annual balance of payments plunged to a \$3.93bn (£3.55bn) deficit in 1995, from a surplus of \$4.62bn in 1994, the Central Bank of Taiwan announced. Officials blamed heightened political tension after China accused Taiwan of pushing for Mr Lien told a meeting of Taiwanese

shows and defence semi-

nars in south-east Asia are

earning their keep. Last year

south-east Asia overtook the

Middle East as the world's

third largest weapons market after the US and Europe, buy-

ing over \$9bn in weapons - 22

This spectacular shift into

high-tech long-range aerial and naval capabilities, including

talk by several countries of

acquiring modern submarine

fleets, is often dismissed as an

inevitable outcome of the region's economic success. But

it is leading many to claim that

Asean is on the brink of a dan-

Thailand's request to the US government for 16 F/A-18 jet

fighters equipped with

advanced AIM-120 air-to-air

missiles has brought this con-

cern across the Pacific to the

US Congress, which must

proliferation in east Asia will

be on the agenda of the EU-

Asia summit in Bangkok later

this week, the build-up of con-

ventional arms is not expected

On a visit to Bangkok last

month, Mr Winston Lord, US

assistant secretary of state,

was not optimistic. Noting that

no other country in the region had such missile technology,

Mr Lord said: "We want to help

Thailand with legitimate

defence needs but we also have

proliferation concerns with

respect to certain advanced

While the issue of nuclear

gerous arms race.

approve the sale.

to be raised.

per cent of world sales.

Taiwanese began to send money abroad last summer when China launched two rounds of menacing missile tests that rattled Taiwan's financial markets. Capital outflow reached \$8.19hn between July and September, but dropped to \$4.21bn in the fourth quarter, because China did not follow up with further military moves, officials said. The country had

resume talks on substantive issues,"

a net capital inflow of \$563m in 1994. "We sincerely hope that the two sides of the Taiwan Strait can quickly

diplomatic status. businessmen. He said once talks se began to send money resumed, the government in Taipei could negotiate with China on ways to protect Taiwanese investments in the mainland and on the security of Taiwanese businessmen there. He said Taiwan had made economic

and trade exchanges its main policy towards China, and the government would do all it could to see the interests of Taiwanese traders in China were taken care of.

But some businessmen at the meeting said recent remarks by President Lee Teng-hui that Taiwan was not afraid of China and would retaliate were too provocative, and would only help fuel cross-strait tensions.

Also at the meeting Mr Hsu Chun ta, vice chairman of the Association for Taiwanese-Invested Businesses in Fuzhou, the capital of China's Fujian province, said Taiwanese businessmen had been assured by both the local and central government that China would not attack Talwan. Authorities in China had also given

assurances that they would help protect investments there, he said. Taiwanese businessmen have so far invested more than \$24.2bn on the mainland, Mr Lieu said, adding that

bilateral trade also amounted to about \$17.8bn last year, with Taiwan export ing some \$16bn of goods to China. He said China should look after Taiwanese investments on the mainland and refrain from intimidating the

island, which would only serve to dis-

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courage future investment. Meanwhile, Taiwan's current account surplus narrowed to \$5.01bn in 1995, from \$6.15bn a year earner The bank said Taiwan posted a net outflow of direct investments and other long-term capital transactions of \$2.5bn against an outflow of \$1.96bn a year earlier.

# Fear of Beijing fuels Asean arms spending

Worries that build-up will destabilise region are probably unfounded swarming about the air

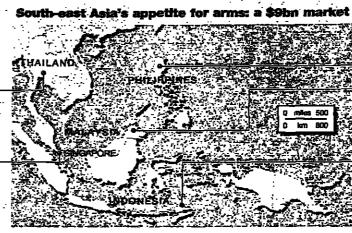


missiles and the potential competition in this area."

Perhaps more surprisingly, Mr Syed Hamid Albar, the defence minister of Malaysia ~ which purchased 20 Hawk jet fighters from Britain, 18 Russian Mig-29s and 8 US F-18s over the last three years voiced fears earlier this month that the arms build-up threatened to destabilise south-east

Speaking in Kuala Lumpur, Mr Albar said Asean should draw up a code to distinguish between defensive and provocative military acquisitions. This would prevent a slide into a "confidence-destroying" spi-

Defence analysts point out that many of Asean's seven



members have boosted defence spending by more than 50 per cent since 1985, with Singapore at almost 90 per cent – lead-

ing the pack. However, most of them say the biggest threat to regional security is perceived to come from China rather than from within the region. Beijing's "blue-sea" naval

ambitions and its assertive claim to the Spratly Islands in the South China Sea and Indonesia's Natuna gasfield off Borneo have sent shivers down Asean members' spines. China's short-lived occupa-

tion last year of a portion of the Spratlys claimed by the Philippines was taken by many as a portent of worse to come. The Spratlys, which are the gap left by the US when it

thought to be rich in mineral reserves, are also claimed in part or whole by Vietnam, Malaysia, Brunei and Taiwan.

"The most likely scenario for conflict over the next few years is probably some sort of naval skirmish between China and one of the Asean claimants to the Spratlys," said Mr Herman Kraft at the Institute for Strategic and Development. Studies in Manila. "It is difficult to envisage actual military conflict between any Asean

Analysts say there are also trends behind the region's defence spending spree that are much less dramatic than either China or an arms race. These include the need to fill

the need to replace outdated hardware from the 60s. Mr Derek da Cunha, a defence expert with the Institute of South-East Asian

point to that," he said.

legitimate modernisation or a departure from recent history

are unlikely to be resolved. Countries such as Singapore which has not forgotten the 591 military pogroms against its 390 fellow overseas Chinese in Indonesia 30 years ago, and Nil Thailand, which has kept a wary eye on Burma's recent military successes, are not, 725 1,075 however, taking any chances. 160 Analysts predict that aver-60

age Asean defence expenditure will rise by 2 per cent a year in real terms over the next decade. The prospect of the region being home to 22 submarines, more than 1,000 let fighters and remotely piloted vehicles backed up by high-( titude air defence systems and controlled by electronic war fare systems is within reach

Unexpected flare-ups couldboost that figure. "China's decision [last month] to buy Su27 jet fighters off Russia is not likely to result in a slowdown of Asean defence spending," said Prof Julius Caesar Parrenas at the University of Asia Pacific in Manila.

"Whether the planes are intended to threaten Taiwan or not is neither here nor there. The fact that China is building up its long-range strike capability is likely to add to southeast Asia's feeling of insecu-

Ted Bardacke

#### OBITUARY: LAURIE CONNELL

GDP.

## Brash banker at centre of '80s deals

By Nikki Tait in Sydney

brashest millionaires in the mid-1980s whose Rothwells investment bank collapsed after the 1987 stock market crash, died early yesterday. A colourful but controversial Perth-

based businessman who would have been 50 on April 2, he was rushed to Freemantle hospital overnight after A\$3bn. suffering a heart attack. He was declared dead shortly after arrival.

Mr Connell, the son of an Irish bus driver, shot to fame in the 1980s. when his investment bank was heavily involved in funding and organising transactions for a number of prominent Western Australian

entrepreneurs. Rothwells was at the centre of a wave of leveraged deals Mr Laurie Connell, one of Australia's which propelled Perth on to the international financial map, with one of its biggest clients being Mr Alan Bond.

Mr Connell's wealth at one stage was estimated to stand at A\$300m (£147m), and he went into the record books when he made the biggest racing bet in Australian history, winning But after 1987 Rothwells' financial

situation quickly become untenable and it was liquidated in 1988. Legal action followed, and in 1989 Mr Connell was charged with publishing false Rothwells accounts.

Allegations that he defrauded company investors were added later.

Quite separately, in 1992, the highspending businessman was also charged with fixing a horse-race - the 1983 Bunbury Cup. After a highly publicised trial, he was found not guilty of that charge, but was convicted on the grounds that he conspired to pervert the course of justice. He served part of a jail term before being released on parole. At the time of his death, Mr Connell was still defending himself against some 70 charges of breaching the Australian

News of his death brought a mixture of tributes and criticism from erstwhile associates during the heady days of the late 1980s. Mr Bond, who

companies code in relation to Roth-

is also facing charges related to the running of his now-collapsed Bond Corporation, told ABC Radio that Mr Connell's achievements had overshadowed his errors. "Over a lifetime of knowing someone, their good points far outweigh their bad points," he said, in an emotional interview. count him as a friend of mine... I was very close to him."

But there was a more restrained response from Mr Warwick Fairfax, who paid Mr Connell a hefty A\$100m fee for advice on the ultimately disastrous leveraged buy-back of the John Fairfax newspaper empire. Mr Fairfax reportedly said that he was sorry to hear the news, but did not wish to comment further.



## Connell: at centre of 1980s deals

new league.

## Murdoch rugby super league banned by

By Nikki Tait

Australia's federal court yesterday banned Mr Rupert Murdoch's News group from starting a breakaway rugby league - to be called Super League - this season, and said it could not use players which it had signed up but who had previously been contracted to the Australian Rugby League (ARL) clubs in any competition

The orders apply until further notice. However, Justice James Burchett will hear submissions from both News and

Opinion polls in Australia have continued to give a lead to the opposition Liberal-National coalition, but by varying margins, Nikki Tait writes from Brisbane. A poll in The Australian yesterday showed the coalition's lead widening to 54 per cent against Labor's 46 per cent. But another poll in the Bulletin magazine showed support for Labor rising to 49 per cent with the

the ARL about the length of

time that the restrictions

should be enforced after 1996

next week. The ARL has been

asking for an injunction until

After the ruling, Mr Lachlan

the year 2000.

Howard was almost daring to believe in victory. "There is a sense of anticipation;" he told supporters. Murdoch, son of Mr Rupert Murdoch and deputy chief executive of News Limited, the

media group's Australian arm, admitted: "Unfortunately,

Super League will not kick off this weekend."

He added that News would be appealing against the court's decision, announced on Friday, which found that News acted dishonestly in wooing players and clubs from the existing ARL competition. It

A buoyant and impassioned Prime Minister

Paul Keating told a rally in Brisbane that

Labor could win. "We can win this election. The

Liberals started with an 11-point lead and we

are catching them up." Down the road, Mr

yesterday's orders. "If this is granted the Super League competition will still be starting this year," he said - although this looks a remote possibility

The ARL has called a meeting of all 20 clubs today including those which had switched allegiance to Super eague - but concedes that it is uncertain over how quickly a full 20-club competition can

be resurrected. The battle between News and the ARL started almost six months ago, when the media

ers and clubs from the existing ARL competition. Subsequently, it also won support from both the New Zealand and UK organisations for its

In the courts News claimed the existing "loyalty" agreements between Australia's 20 local clubs and the ARL had been a breach of the Trade Practices Act, while the ARL made a counter-claim, asserting the early releases given by the breakaway clubs to players seeking to join News's Super League were not legal.

Studies in Singapore, says that talk of an arms race is too

200

Nii

120

650

230

withdrew from its Philippine

military bases in 1992; a

change in military doctrine

from counter-insurgency war-

fare to conventional military

operations; the attempt to com-

bat pirates and illegal fishing

in south-east Asian waters; and

950

250

190

alarmist. "The type of weapons and the timing of the purchases in the region doesn't Disagreements over whether the arms build-up constitutes

Edward Luce and

ASIA-PACIFIC NEWS DIGEST

## Manila switches boat people line

Manila yesterday appeared to reverse a decision two weeks ago to let the country's 2,700 Vietnamese refugees stay. The move, which puts the Philippines back in line with a regional accord to repatriate all Vietnamese refugees by June 30, came ment officials apparently had Roman Catholic church that integrating the boat people into Philippine society would be too expensive.

Mr Domingo Siazon, foreign secretary, had said of the decision to keep the boat people, that the Philippines was "very kind and more humane" than some of its Asian

Tougher tax collection urged

Philippine officials said yesterday the International Monetary Fund – which is conducting a quarterly review of the country's three-year IMF "exit" programme - had urged the government to professionalise its tax collection bureau. Fewer than 10 per cent of wage-earners pay taxes. The IMF's hand is likely to be strengthened by figures published this week showing very few dollar millionaires paid more than \$10,000 in taxes last year. At 16 per cent of national income, Philippine tax revenue is considered too low. The government has pledged it will push a more extensive tax system through

#### Edward Luce, Manila Japan 'tainted blood' admission

Green Cross, one of five drug companies ordered by Japanese courts to compensate haemophiliacs who contracted HIV, the virus that causes Aids, through using untreated blood products, yesterday admitted that it had shipped untreated products even after the government had ordered the recall of the tainted products. The revelation follows Health Ministry accusations that the company submitted false shipment reports. Mr Masayuki Nishida, senior managing director of Green Cross, said that it had continued to ship unheated products at the request of doctors because of the a scarcity of treated blood products. Emiko Terazono, Tokyo

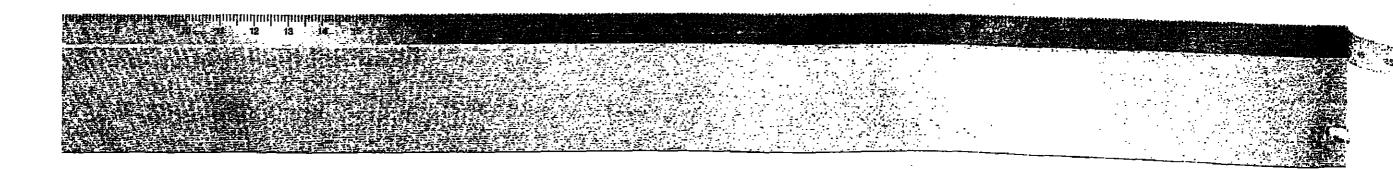
# Cross-border banking requires no more than Generale Bank and.

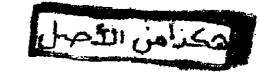
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Edward Loca

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The government has asked the Commission for Racial Equality to help it draw up guidelines so that employers do not adopt discriminatory recruitment practices in response to new immigration

Miss Ann Widdecombe, the

minister at the Home Office

responsible for immigration, yesterday acknowledged concern that the government's controversial asylum and immigration bill would lead to some employers "playing safe" when recruiting new staff.

Under the bill, employers will for the first time be guilty of a criminal offence - and face fines of up to £5,000 (\$7,700) - if they employ an immigrant

to remain in the UK. Miss Widdecombe said: "We would be very concerned if we thought that employers would pick out any particular group for discriminatory treatment on the basis of their colour or race. We have considered this aspect very carefully indeed. However, we do not share the

that have been minister told a

Confederation of British Industry conference in London that she appreciated the importance of employers having available appropriate guidelines.

"The Commission for Racial Equality has promised to assist us in drawing up guidance which will help employers to avoid acting in ways which might, despite the best of intentions, lay them open to

allegations of racially discriminatory practices," she

"The scale of illegal working in this country is substantial and the problem is increasing," she continued, "Although its precise scale is uncertain, we do know that in 1994 the Immigration Service detected over 10,000 people who were working here illegally. In 1988 the comparable figure was

fewer than 4,000." She said Britain was not alone in tackling illegal working. "It is an anxiety shared by most of our European colleagues, who already have measures in place which aim to address it.

"The government takes the view we must take action now. We are vulnerable if we don't attempt to control illegal working when other countries

#### Mr John Major, the prime minister, yesterday issued his most impassioned warning to date about the danger of proceeding with a single European currency on the current launch date of 1999. Mr Major said in the House of Commons he thought there were "many countries in Europe which believe the single currency would be good for Europe". He believed that might be true "at some stage in the future" but the "timescales set out at present are not timescales that can safely be

UK NEWS DIGEST

Mr Major has for the past nine months been conducting a high-profile campaign to persuade heads of European Union governments of the danger of adhering to the monetary union timetable if only a few member states are in a position to join. Robert Peston, Westminster

'unsafe' says PM

Emu deadline

#### Write-off for rail debt

The government has agreed to write off £1bn (\$1.54bn) of Railtrack's debt, having previously threatened to abandon the privatisation of the owner of the national network's track and stations if the debt reduction was more than £600m. It has also decided to sell 100 per cent of Railtrack's shares in a flotation scheduled for May. That is designed to embarrass the opposi-tion Labour party, which has pledged to regain control of the rail network if it wins the next general election.

The decision to set Railtrack's debt at £565m represents a victory for the company in protracted and increasingly heated negotiations with the government. Ministers and officials had been arguing that it could support borrowings of more than Libn, compared with Railtrack's current debt in the public sector of more than £1.5bn. A fortnight ago, the flotation was in jeopardy, with Railtrack saying its profitability would be severely undermined if it had more than a tiny amount of debt. "We had to agree to the debt figure because we were right up against the wire", a minister said. "Pulling the sale was in the end an unpalatable option". Robert Peston

#### Transport boost for City

The government yesterday gave the go-ahead for a largely private sector funded £650m (\$1bn) programme to increase rail transport through the City of London. The long-awaited clearance for Thameslink 2000, which will expand north-south rail links through London, was given after Railtrack, the network company soon to be privatised, agreed to shoulder £550m of the construction costs. "This will be an excellent example of the private sector combining to take forward a major investment project," said Sir George Young, transport secretary. While Paris has developed rail connections, travel in London is still dominated by the Victorian railway pattern. Ten mainline stations ring the capital but there is only one, very limited, through link.

James Harding and Charles Batchelor

#### Warning on US patents

UK biotechnology companies risk losing patent fights in the US because one in 10 companies does not record its research in notebooks and a further 28 per cent fail to sign and date them. US patents "are ultimately granted on the basis of 'first to invent'", says a report published today. It was commissioned by the Confederation of British Industry's Biotechnology Forum and law firm Nabarro Nathanson.

Only 23 of the 51 companies questioned ensured there were witnesses to the signing and dating of research and would be in a strong position if their patents were challenged in the US courts. "This failure rate in terms of best laboratory practice paints a disturbing picture," says the report. "The US is the world's largest market for biotechnological products."

The report says US companies have strict procedures for entering experiments in bound notebooks, written in ink and with the pages numbered, dated and signed. This procedure 1 simple and cheap to enforce and should be adopted by UK companies as best practice, says the report.

Daniel Green, Industrial Staff

## Cummins workers to fight

sary". They backed all their union representatives' recommen-Cummins said last week that it would close the 600,000 sq ft plant by the end of the year as part of a worldwide rationalisa-England and the US.

## IRA agrees to stay away from bomber's funeral

Financial Times Reporters in London and Dublin

The Irish Republican Army and Sinn Féin, its political wing, will not attend the funeral today in south-east Ireland of the 21-year-old IRA member killed in the London bus bombing, republican sources in Dublin indicated

Edward O'Brien will be buried at the Roman Catholic Church at which he once served as an altar boy. A London inquest heard that he died in a bus in the capital on February 18 as he the bomb he was holding exploded as he stood up to leave the bus.

His parents said they wanted no paramilitary presence at the funeral "in any way, shape or form". The decision of Sinn Féin and the IRA was welcomed by Father Walter Forde, the local priest in Gorey. where the O'Brien family lives. extraordinary numbers on Sunday for our peace service

"That news will be very warmly welcomed . . . by local people who turned out in sion for soul-searching in the Republic of Ireland amid growing public outrage at the

O'Brien's death and the serious injuries sustained by an innocent Irishman who was briefly under police guard in a London hospital as a suspect have brought home for many people in the republic the futility of using violence for political ends. Politicians and local commentators all agree that the resumption of IRA bomb-ing has changed public attitudes to Sinn Fein.

On Sunday tens of thousands of people from north and south marched demanding the men of violence "give us back our ceasefire"

Mr John Bruton, the prime minister, attended one of the rallies. He appears to have caught the public mood with speeches in which he blamed the IRA Army Council for threatening the peace process. One bystander at the rally in Dublin said Sinn Féin's constant equivocation was wearing thin. "I can't remember an occasion when the family of an IRA bomber disowned the

#### The funeral will be an occamovement," he said. Relations between parties turn sour

By John Kampfner

here," he said.

Relations between the British government and Northern Ireland's largest political party appeared at breaking point last night as the UK and Irish prime ministers made a final attempt to narrow differences ahead of a planned summit today. Mr John Major and Mr John Bruton were due to speak p by telephone to finalise a pack age of measures they hope to announce during a meeting in London. But officials said there

were still serious hurdles. At the same time, senior Tories sought to cool tempers that followed accusations from ministers that the leader of the Ulster Unionist party, Mr David Trimble, had sought "clandestine" concessions on Northern Ireland in return for helping the government in Monday night's vote on the

Scott report. In the event, the nine UUP MPs voted with Labour and the government's majority of one was secured only with the abstention of the three MPs of the smaller Democratic Unionist party.

The Anglo-Irish plan is understood to begin with "high intensity" talks between the party's constitutional parties to take place within weeks. These would settle arrange-ments for elections to a forum that would delegate members to all-party negotiations, the start-up date for which would

be agreed in advance.

The main stumbling are the terms under which Sinn Féin might be allowed to participate in the talks following the resumption of the IRA's bombing campaign earlier this month. Both governments will expect a formal declaration by the IRA that it had restored its

## Gambling industry rules to be relaxed

By David Blackwell in London

The government yesterday cleared the way for 13 new UK casinos as it announced plans to slacken gambling industry rules. Britain has 119 casinos. A government paper pro-poses to make it easier to become a casino member and to abolish bingo club membership requirements. Further proposals include extended casino drinking hours, the use of debit cards in casinos and bingo clubs and fewer advertising restrictions.

Mr Timothy Kirkhope, a Home Office minister, said esterday that the government believed there was scope for updating and relaxing gambling industry restrictions, which date from 1968. "These proposals will allow industries that are successful to have

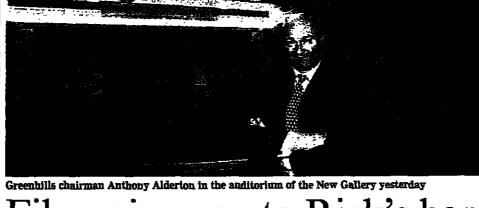
room to grow," he said. The measures were welcomed by the industry, which has been lobbying for change and has been expecting the consultation paper for almost a year. Mr John Garrett, head of Rank's leisure division, was 'elad to see it covers many of the issues we have been urging them to address." Mr Alan Goodenough, chief executive of casino operator London Clubs International, said "it all looks good news for the

industry."
The industry's case has been pressed more argently since the advent of the National Lottery in 1994. Other gaming restrictions are already being eased under the government's deregulation initiative. An announcement is expected teday on whether AWP (amusement-with-prizes) machines will be allowed into

betting shops. The industry has until May 31 to respond to the consultation document.

The 1968 regulations were out in place because a lack of effective regulation had resulted in criminal involve-

The amount cambled in casinos in 1994-95 was nearly £2.5bn in spite of tough membership restrictions, under which potential players have had to undergo a 48-hour cooling off period after joining. This would be cut to 24 hours. Unlike previously, potential members would also be able to make postal applications.



## Films give way to Rick's bar

By Roderick Oram. Consumer Industries Editor

For 40 years one of London's largest cinemas and a gem of 1920s architecture has lain untouched and hidden from public view across Regent Street from Garrard, the Crown jewellers.

Boasting the first Wurlitzer organ in the West End, the 1,450-seat cinema presented many British premieres. In 1938 alone, nearly 1m people went to the New Gallery to see Snow White and the Seven Dwarfs, Walt Disney's first animated feature film. But the cinema fell on hard

times and was the first in the West End to close shortly after the second world war. Later this year, however, the New Gallery will reopen to the public as a restaurant on a film theme with all its original features intact. The auditorium still has an elaborate 80m Grecian frieze running around it. In a early form of air conditioning, the glass dome opens to

expel cigarette smoke.
The New Gallery was untouched because of a quirk of history. After the cinema folded, the Crown Estate leased the building in 1953 to the Seventh Day Adventist Church. The Adventists used it to worship and to screen religious films but they made minimal

Since the congregation gave up the lease in 1990, the building was put to occasional use as, for example, a training Times, will build the ground for police dogs to sniff help run the complex.

Greenhills, a small leisure company, last week secured a 25-year lease by promising that its Dream Factory would leave the building largely untouched by building replica film sets within it.

A Dr Zhivago vodka bar will grace the back of the balcony;

out hidden people.

Mutiny on the Bounty will drape over the balcony, perhaps with actors sword fighting in the rigging, Rick's bar from Casablanca will fill part of the stalls and the Wizord of Oz will take over the stage. Food appropriate to each theme will be served on each set. Madame Tussauds, owned by Pearson, the media group which owns the Financial Times, will build the sets and

## Cable adverts to cost \$18.5m

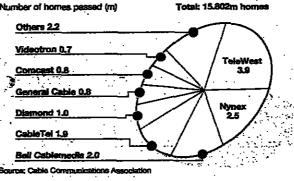
By Christopher Price in London

The usually fragmented cable industry came together yesterday to launch its first national advertising campaign at a cost The move comes amid grow-

ing concern among cable companies over their failure to attract more television and telephone subscribers. While more than 5.5m British homes are able to receive cable, only 1.1m have opted for connection and penetration rates have stuck at little more than 20 per

"We have to tell people what benefits and value cable can bring them," said Mr Alan Michels, chief executive officer of TeleWest, the UK's biggest operator. He blamed the poor subscriber rates, as well as the high number of customers who fail to renew, on the industry's lack of emphasis on marketing. "That will be our focus from now on." The campaign will be

Laying down cables Number of homes passed (m)



carried on terrestrial television and other media and will run for a year

The cable industry, which has been laying its fibre optic network for 11 years, has spent about £5.5bn covering more than 30 per cent of the UK. It estimates that it will have coverage of 85 per cent within the next three years, investing a total of £12bn,

The campaign will also aim to raise awareness of telephone services. "Our research shows that one in four subscribers do not know that many cable companies also offer telephony services," said Mr Mike Hayes, marketing director of the Cable Communications Association,

the industry organisation

which has formulated the cam-

Workers at the Cummins engine plant at Shotts in Scotland

may strike as part of their campaign to fight the closure of the factory, which the company unexpectedly announced last week. About 600 of the 700 employees at the plant voted unanimously to fight closure "by whatever action is necesdations, which included condemning the company's lack of consultation and its failure to explore alternatives to closure. tion programme to improve the group's profitability. Engine production at Shotts will move to Cummins' factories in

James Burton, Edinburah

## One-vote victory allows Conservatives to stagger on

By John Kampfner at Westminster

The ramifications of the 320-319 vote in the House of Commons on Monday night will go beyond the ability to cling to office of two ministers criticised in the Scott report. The government won its one-vote victory after the debate on Sir Richard Scott's report into UK sales of military equipment to Iraq.

The government managed to win

even though two of its own MPs and all nine MPs in the Ulster Unionist party voted with the opposition. The Ulster Unionists are the largest pro-British party in Northern Ireland.

For most of the debate members of the cabinet sat slumped on the front bench. Mr Robin Cook, the opposition Labour party's shadow foreign secretary, delivered what was widely regarded as one of the most perspicacious Commons performances in recent years.

When the government's victory was announced, Conservatives could not contain their joy and relief. But within minutes Labour MPs served notice that they would not let the matter rest. Sir Richard Scott has opened wounds in the government's approach to openness and accountability that the opposition will

not allow to be healed. The consequences of defeat in the debate would have been extremely damaging. Although victory in a confidence motion was all but assured, such a vote would have exposed the fragility of Mr John Major's tenure on power. It would also have sent the wrong messages ahead of a week-long trip to the Far East intended to present a robust profile for Britain.

ensures that the Victory government will be able to stagger on. Indeed, some Tories have been saying for some time that Scott presented the last set-piece hurdle in the way of the

gradual improvement in the government's electoral fortunes. Nevertheless, the parliamentary arithmetic is alarming. The decision by Mr Peter Thurnham last week to resign the Conservative party whip has reduced the party's majority in the House of Commons to two. One more seat is expected to go to Labour after a by-election in Staffordshire South East which the government has

For all the assertions to the contrary, the vote on Monday was inextricably linked with the Northern Ireland peace process. The smaller of the two Northern Ireland unionist

stubbornly refused to call.

parties in the Commons, the Democratic Unionists, took the unusual step of abstaining. The traditionally more loyal Ulster Unionist party voted en bloc with the opposition.

Had the government lost the vote on Monday, an early summit between Mr John Major and Mr John Bruton, the prime minister of the Republic of Ireland, would have been almost impossible to arrange.

In spite of the resumption of violence by the Irish Republican Army, Mr Major is sticking tenaciously to his hopes for a political solution in Northern Ireland

Power ebbs away from John Major

Majority in General election 1993 Two Conservative MPs die and their its are captured by opposition Two MPs die and their seats are lost, se Tory Euro-rebels are deprived of party whip Feb MP dies Most Euro-rebels regain whip MP dies; by-election lost By-election lost MP defects to Labour party One MP dies; another defects to Liberal Democrat party Jan Feb Conservative MP resigns whip

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## Wet look in dry cleaning

C hould the dry cleaning industry switch to alterna-Utive techniques? Environmental campaigners, concerned about the toxicity of dry cleaning solvents, are convinced it should. But large parts of the industry argue that no suitable

alternative is available. The argument is illustrated by the differing views provoked by Aquatex, a water-based cleaning technique developed by JLA, a Yorkshire-based laundry and cleaning equipment manufac-

turer.
This system uses a combination of chemicals to clean and protect the fabric. The temperature and degree of agitation required for each fabric are carefully controlled using a

JLA says its system works well, even for delicate fabrics that cannot usually be washed because they are damaged by water and mechanical action.

The JLA process incorporates high molecular weight polymers that coat the fibres and penetrate the crevices between them to prevent excessive movement and entanglement.

The system is endorsed by Greenpeace, the environmental campaign group, because it does not use perchloroethylene, known as "perc". This is considered by the US Environmental Protection Agency to be a hazardous air pollutant and a

potential carcinogen. The JLA system has also had good reviews from the British Textile Technology Group, an independent textile testing house, which found that Aquatex worked well on a wide range of fabrics. It even coped successfully with wedding dresses and very delicate garments, such as a silk dress covered with beads

But the Textile Services Association, which represents UK dry cleaners, is unenthusiastic. Simon Rawlins, a director, says the evidence linking perc and cancer is weak. Moreover, TSAmembers have found that aqueous systems cannot cope with certain fabrics and stains

Vanessa Houlder

Prospects of a fibre shortage are forcing action by manufacturers, write Bernard Simon and Christopher Brown-Humes

# Wood supply's stunted growth

s the world's forest industry trees in the right places. running out of wood? Pulp, Robert Hagler, a Virginia-based paper and lumber producers are sufficiently concerned that several European and North American chief executives met privately during the Canadian Pulp and Paper Association's annual conference in Montreal last month to discuss "fibre supply".

"Only a few eccentrics were interested in wood supply three or four years ago," says Tony Rotherham, the association's director of woodlands. "But it has become a mainstream industry concern."

The spectre of wood shortages

was widely cited as one factor behind galloping pulp and paper prices between early 1994 and last summer. Northern bleached softwood kraft pulp, the industry's benchmark product, soared from \$390 (£253) to a peak of \$1,000 (£649) a tonne. North American and Scandinavian mills were so desperate for wood that they imported pulp logs from Chile and Alaska.

Several North American paper producers have moved in recent years to secure raw material surplies by buying saw mills and the cutting rights to surrounding forests. US-based International Paper gained a valuable source of timber last year for a planned foray into the fast-growing Asian market by buying control of Carter Holt Harvey, New Zealand's biggest forest owner. Avenor, a Canadian producer, bought two Quebec saw mills to ensure long-term wood supplies for a nearby newsprint mill.

The pulp and paper industry's concern is whether mills will continue to have access to the right

forts to prevent destruction of the world's forests have been reinforced by the announcement that Swedish forest companies and leading international environmental groups have developed a forest certification

The scheme will guarantee that Swedish wood originates from well-managed forests and that old-growth forests - vital to the preservation of rare species and biodiversity - have not been destroyed to produce it.

"Never before have industry and environmental organisations come together to develop rules for eco-labelling forest products," says Monika Stridsman, secretarygeneral of the Worldwide Fund for Nature.

consultant, told a Pulp and Paper Week conference last summer that "a sharp divergence between the volume of timber that is 'physically available' for industrial purposes, and the volume that will 'actually be available has emerged."

The trend is especially evident in North America (see chart). Pressure from environmental groups has led governments to tighten forestry practices and set aside tracts of forest as parks and wildlife reserves. For example, British Columbia is doubling the area of protected forest to 12 per cent of the province's land area.

A 1994 study for British Columbia's Council of Forest Industries forecast that supplies of coniferous species in Canada would shrink by per cent, or 40m cu m, between e peak in 1987 and 2010.

Hagler says: "Despite physical surpluses, the availability of timber for industrial purposes is extremely limited . . . It would seem that North America will begin to experience the realities of a limited resource

The alternatives for the forestry industry are few. High transport costs are likely to put Siberia's vast forests out of commercial reach for years to come. The steady expansion of peasant farmland has shrunk tropical hardwood forests in developing countries such as Indonesia, Haiti and Mozambique. Pessimists also point to rising demand for wood and paper products in fast-growing which could further increase the pressure on supplies.

the market was there," he says.

ing supply.

MacMillan Bloedel, the Vancou-

ver-based group, has traditionally relied heavily on British Columbia's majestic spruce, fir and pine forests. But it now gets about 10 per cent of its wood production from fast-growing poplar plantations, mostly in the southern US. Several Canadian companies, including Macblo, have built or bought mills in the

However, the forestry industry has been remarkably resourceful.

Plantations have to a significant extent replaced old-growth forests as a raw material source. The Swedish Forest Products Association estimates that plantations now make up 29 per cent of world raw material supplies for pulp and paper mills. Original forests account for only 17 per cent. The rest comes from secondary forests where new trees have grown to replace original

One of the best examples is New Zealand, whose coniferous wood output - mostly plantation-grown radiata pine - has climbed from 7.9m cu m in 1970 to about 15m cu m. and is expected to reach 34.5m. cu m by 2020.

Jan Remröd, head of the Swedish Forest Industries Association, notes that Sweden's current harvesting rate of 70m cu m a year is well below natural growth of 100m cu m. We could easily increase our output by 10m to 15m cum a year if

The forestry industry has succeeded in substituting plentiful wood species for those in diminish-

Confers that cannot be sut-

Paper mills and building material suppliers have also found new raw materials. Oriented strand-board, used for timber housing and made from low-grade species such as aspen and poplar, has become increasingly popular. The proportion of waste paper recovered for recycling has risen in the past decade from 31 per cent of global

consumption to 42 per cent.

However, the industry's ingenuity in finding untapped resources may not be enough to eliminate fibre

Hagler, the stage has been reached where "we can define limits on available supply, and recognise that, in many regions of the world, expansion of capacity will be diffi-cult, if not impossible, for the first time in modern history".

The implication is that wood

prices are on a long-term upward trend, spurring even greater use of substitutes, such as steel and plastics in building materials, and recycled paper, straw and hemp in

past six months suggests the fears may be exaggerated. A combination of high inventories, stagnant consumption and extra capacity (especially from new suppliers such as Indonesia) has put pulp and some paper prices on the skids. A housing slump has held back North American lumber prices.

But judging by the meeting in Montreal, forest-products companies are acting on the assumption that careful forward planning is essential if they are to gain acress to all the wood they need.

ensure that promises are kept. There could be sticking points. For example, the Swedes may be able to set their own standards, but it will be hard for them to impose the same discipline on countries such as Russia and the Baltic states where some of their own wood is

Environmental groups are confident the problems can be overcome. The WWF says certified Swedish forest products could be available "within a couple of years". The hope, too, is that the Swedish model will swiftly be copied by neighbouring Nordic countries Finland and Norway and then by producers such as Canada and the

## Certificates for Swedish forests

The initiative will greatly increase the amount of forest land certified by the Forest Stewardship Council, an independent international forest certification organisation set up in 1993. FSC-approved bodies have certified 21 forests around the world, a total of 3.79m hectares. But companies signed up to the Swedish scheme. being developed within an FSC framework, own 38 per cent of the country's 23.5m ha of forest. AssiDoman, one of the participants,

alone has 3.4m ha of forest. The Swedes are under increasing pressure from buyers in their main

European export markets to provide details of their timber production. Evidence that old-growth forests are being hacked down, or even that cultivated forests are being subjected to savage clear-cutting,

risks an immediate boycott. One group pressing for better standards is the WWF 1995 Plus group, a partnership between the WWF and 66 UK companies. With big wood and paper buyers such as the DIY chain B&Q and retailing groups J. Sainsbury and Tesco as members, the organisation has considerable clout.

Similar pressures are being felt

elsewhere, too. In the US, for example, four big paper buyers -McDonald's, Time Warner, Johnson & Johnson and Prudential Insurance Corp - have said they will consider environmental performance when deciding who gets their business.

"The general public has lost faith that the industry is managing its forests well," says Justin Stead, manager of WWF 1995 Plus.

This is acknowledged by Jan Remröd, head of the Swedish Forest Industries Association: "There is a gap between what is happening in our forests and what people think is

believe us when we say we have abandoned destructive techniques. He insists the Swedish initiative

happening. People do not really

is not just a marketing tool: "We need to defend wood and paper long term against the threat posed by other materials, such as plastic and aluminium." The system is not going to mean

every piece of wood being tracked from its Swedish source to its ultimate destination, which would be too costly and complex. It will more be a question of management systems being agreed and backed by the threat of random site visits to



## ING BANK

are pleased to open nominations for the 1996

## **Emerging Markets CEO of the Year Awards**

n 1994, the Emerging Markets CEO of the Year Awards were established to acknowledge excellence in the world's fastest growing markets. International Media Partners and ING Bank were honored to present last year's

Awards to Percy Barnevik, President and Chief Executive Officer of ABB Asea Brown Boveri Ltd. and Stan Shih, Chairman and Chief Executive Officer of The Acer Group.

Nominations are now being accepted for the 1996 Emerging Markets CEO of the Year Awards. The first Award will be given to a corporation headquartered in one of the world's emerging economies whose vision and company performance have best shown the pattern that can be offered as a model to other emerging mar-



kets companies around the world. The second Award will be given to a company headquartered in the developed world, whose expansion into emerging markets has best shown how these markets can contribute significantly to corporate rev-

enues and profitability and has benefitted the countries involved.

The Awards will be presented at a gala Awards Dinner during the IMF/World Bank annual meeting in Washington, DC on September 30, 1996.

An independent Selection Committee comprised of chief executives, leading institutional investors, senior banking executives, and leaders of major international organizations will evaluate the recommendations for the awards.

Nominations should be received by April 12, 1996. If you believe you have a candidate, please forward details to: Richard Burns, President, International Media Partners, 611 Broadway, Suite 300, New York, New York, 10012-2699. Telephone: 212 979 3700. Facsimile: 212 598 0788. e-mail: impny@aol.com



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practices, cultural knowledge and language skills needed to operate and compete effectively in, and with, Japan. It is an outstanding opportunity for your managers to build useful contacts which will help your organisation to enjoy considerable competitive advantage.

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Who is eligible? Now in its 17th successful year, the Programme is open to employees of any

European Union company, regardless of size, as long as it exports, or has clear plans to export, goods or services to Japan. To be eligible, an employee must be an EU national, probably aged 25-37, be educated to degree level and have at least two years' work experience.

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If your company meets these criteria and may wish to sponsor an employee, please send for more information to John Patrick, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR. Tel: 0171-730 9000. Eligible employees are also invited to write, including their position and employer's name and address. In either case, please quote Ref: ETP/FT.

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The European Commission

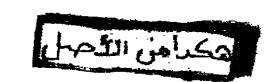
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t 4.30 on Monday after

noon, during its cover-

age of the debate on the

Scott Report in the

House of Commons - an unusually tense occasion with the benches packed, points of order fly-

benches packed, points of orner fly-ing, and emotions running high – BBC2, which had scrapped its scheduled programmes to carry the opening speeches live, flashed up a caption: "Ready Steady Cook will follow at 5.00 pm". At the best of

times it would have been a banal parish notice with which to inter-

rupt a state occasion of such high

drama but, with exquisite timing,

they managed to run it right over the head of Robin Cook, shadow

ome secretary, just as he reached

the peroration in his opening speech for the Opposition. The con-

trast between serious purpose in

the House and the quotidian affairs

Moments later, gesturing mock-

ingly across the table at Michael

Heseltine, Cook said "The Honour-

able Gentleman has been very free

with bandying my name around every studio that would let him in

during the past week", a reference

to Heseltine's appearances on tele-

vision and radio which had, indeed,

been frequent if somewhat

himself had scarcely been boycott-

ediously repetitive. Of course Cook

of television spoke volumes.

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The Meeling

political parties, with direct access to Parliament, why had they been scrambling so keenly from one studio to another? The received wisdom is that in the 35 years since Robin Day began demanding answers from politicians, the political focus has moved away from the House of Commons and into the television studio. Television, it is said, is where the electors actually see the politicians.

Today it is more important for a politician to be able to perform well on screen than to perform well in the chamber of the House. You rarely hear this claim queried, though it is certainly not self evident, and the very existence and atmosphere of Monday's debate suggests that when things come to head it is still the cockpit at Westminster that really matters. What cannot be denied, however, is that whereas well informed electors would once have taken their politiing the studios and his message, cal journalism from print, now

it from television. Is television good at it?

There is certainly much more political television today than even a few years ago, some of it reasonably informative and presented in quite an acceptable manner. The Midnight Hour, for instance (Mon-day to Thursday on BBC2, 12.00 pm, with various chairmen, tonight Andrew Neil, the best of the bunch) is proving to be a place where poli ticians, journalists and others relax, drop their guard slightly. and occasionally even manage a discussion with remarkably little party point scoring. A Week In Politics on Channel 4 at 7.00 on Saturday evenings manages to summarise and illustrate the week's political events in a way that is pleasantly entertaining, thanks to the style of presenters Vincent Hanna and Andrew Rawnsley. (Though Hanna, with his encyclopaedic knowledge of politics, really should know that when John Bright coined the phrase "Mother of Parliaments" he was referring to

they are much more likely to take England, not a building in West-

But the day when you get most political journalism on television is Sunday. Those in the media/politics circus who feel obliged to stav abreast of events either have to set a video recorder or be in front of the set by 8.30am to catch Break-fast With Frost on BBC1. David Prost invariably interviews one politician and sometimes several (this week John Rume and David Trimble, Quentin Davies and Rupert Allason, and the ubiquitous Michael Heseltine).

hen, at 12.30, John Humphrys presents On The Record on the same channel, and he, too, interviews a politician (this week Peter Mandelson). At 1.10 in Jonathan Dimbleby on ITV there is another political interview (this week with Jack Straw) followed by questions from a studio audience; and at 1.30 BBC2 screens Around Westminster, a sequence of regional programmes in which different items of political news are presented for different parts of the

Within broadcasting it is commonly believed that the chief factor in political interviews is the tough-ness of the interviewer. The *Today* programme on Radio 4, where John Humphrys, James Naughtie and Sue MacGregor habitually challenge politicians fiercely, is widely admired by other broadcasters, as is the "Come off it" style of Jeremy Paxman on Newsnight. Moreover those among the public who dislike Conservatism enjoy it when Con-servative politicians are duffed up, and those who dislike Labour enjoy seeing Labour politicians grilled. The politicians who agree to be interviewed naturally tend to be those best able to deal with hostile questioning: they relish vanquishing a Paxman and enhancing their image. So - interviewers, interviewees, self-selecting public - the system is perpetuated by a virtuous

Very rarely do people stop and ask "Is this the best way for broad-

casting to convey politics to the public?" The answer, if they did, would surely be no. If, along with Thomas Delane, 19th-century editor of The Times, you believe that the first duty of the press is disclosure. you are unlikely to find the average political programme awfully useful. Take ITV's Sunday lunchtime programme: it is not called "Politics" or "Politicians" but Jonathan Dimbleby. The photographs making up the title sequence are not of politicians but of Mr

Dimbleby. And consider the ques-

tions, in terms of content, order,

and macho talents of the inter-If information rather than fireworks is the object, you may well get more from a Jimmy Young or a David Frost than from the much admired confrontational interviewers. Though Paxman's clear think-

and simultaneously controlling an

and tone: do they serve chiefly to convey political ideas to the viewer or to impress you with the intellect ing is admirable - not everyone can think clearly while listening

interview with an irascible politician, all in front of a camera - the duel can be more entertaining than informative. Frost, for all the irri-tations of his approach (his keen-ness to put interviewees at ease can border on the sycophantic, and he is as much to blame as anybody for the inflation of "Goodbye and thank you" into "Good bye and thank you very much indeed) is more likely to achieve revelations than those from the "perpetual challenge" school who constantly force politicians onto the defensive.

Viewers with cable television can now watch the Parliamentary Channel which means that when BBC2 slopes off to do Ready Steady Cook they can stay with proceed-ings in the House right through to the 10 o'clock division, catching every word of the debate if they wish. On Monday it ended in a 319-320 split, and neither Kavanagh QC nor the often compelling Our Friends In The North could compete with that for drama. As the new technologies, including digital transmission, expand, dedicated channels will increase and more people will have direct access to Parliament. But that is unlikely to stop the expansion of studio polities. All we can hope is that broadcasters ask themselves more often what it is they want to achieve with such programmes.

#### Ballet/Clement Crisp

## Classic Cinderella from Corder

There have been three full-evening ballets created in Britain during the past few months: David Bintley's Far from the Madding Crowd, and versions of Prokofiev's Cinderella by Matthew Hart and Michael Corder, It is a curious, and curiously sad, aspect of national taste in ballet as our century ends that such big pieces should be a necessity of dance-going. A hundred years ago, such affairs delighted audiences, and plus ça change. plus c'est le même old monolith

that puts cash in the box-office.

That said, I salute Michael Corder's staging for English National Ballet as welcome proof that classical choreography is alive and well, and not for once looking like the offspring of Caliban and a discodancer. Corder made his creative debuts in the 1970s. An elegant, musical dancer with the Royal Ballet, he produced choreographies having just these qualities, which received less than proper encourage ment at Covent Garden. For a decade he has worked abroad: a recent creation was Romeo and Juliet for the Norwegian National Ballet, Now ENB has invited him to stage Cinderella. tich I saw on Monday in Bristol, replacing an unlamented Ben Stevenson version.

and using a revision of the David Walker designs. This new version's merits are many. Above all, it is the product of a true classic sensibility. The choreography is "traditional", and rightly so. given the subject and the abundant felicities of Prokofiev's score: "I wished, above all, to express ... the poetic love of Cinderella and the prince" said the composer. Throughout, Prokofiev pays tribute to the Tchaikovsky tradition, and Corder, ever-musical, has obeyed and served him well. Like Prokofiev he is inventive within the context of an established manner, but not abrasively so. He has made dances that sit happily and handsomely both on the music and

results a dance text felicitous, graceful.

Of course, inevitably haunting Corder's imagination there is the Ashton staging, in which he danced. Avoiding the Ashton example, Corder has opted for a vision far nearer Prokofiev's: he gives us a love story, and avoids the pantomime ele ments of the Ugly Sisters, which were irresistible when first danced by Ashton and Helpmann but have, since those great originals, become an embarrassment. We now revere the Ashton production for its classical splendours and cringe at its comedy. Corder's Ugly Sisters, like those at the Bolshoi and Kirov (where Makarova was adorably malicious cal soloists, mean-spirited but well-danced.

ith the removal of this comic eledancing. Corder has opted to use the entire Prokoliev score, and here he m have copied Ashton without fear of plagiarism. Certain opened cuts add little to the emotional action; the inclusion of the voyage divertissement at the start of the third act, when the Prince travels the world in search of Cinderella, cannot make sense unless the full forces of a large company, as in Moscow and Petersburg, are deployed. The music is thin; Corder's inventions are clever, but merely cloud the drama. The wish to fill out an otherwise brief third act is understandable: Corder's subsequent dances and his apotheosis are

stand on their own.
The abiding impression of this staging is of the assurance and musical aptness of Corder's manner. He is a rare bird - a classical choreographer. He is not a vandal, pillaging the old language for his own ends; nor a cross-over artist from modernism, whose feeling for academism is an understanding from the outside only, rather than physically ingrained from a stage career.

strong and touching enough to



Secure: Lisa Pavane in the title role

Kurz and performed by the

**■ GLASGOW** 

**■ LEIPZIG** 

CONCERT

Dresden;7pm; Feb 29; Mar 6.

Glasgow Royal Concert Hall Tel: 44-141-3326633

The Royal Scottish National

Mozart's Symphony No.17 and

Orchestra: with conductor En Shao

and pianist Janis Vakarelis perform

Piano Concerto No.20, Wu's The Shadow of Moonlight, and Bartok's

The Miraculous Mandarin; 7.30pm;

Oper Leipzig Tel: 49-341-1261261

Il Barbiere di Siviglia: by Rossini.
 Conducted by Bareza and

performed by the Oper Leipzig and

the Gewandhausorchester; 7.30pm;

His dances are secure in a tradition in which he was educated and grew up, With Cinderella he has made no innovations, contenting himself - selflessly, in effect with shaping movement that sits with entire grace upon the score. We need not ask for more. And like the Prokofiev, he sees the narrative as serious, lyrical, touched with magic. This Cinderella is in harmony with its music.

ENB's artists look very well. I saw Lisa Pavane as a classically secure Cinderella with Greg Horsman as a soaring Prince. His two companions were brilliantly taken by Roman Rykin and Dmitri Gruzdyev, with David Peden very good as the dancing master to whom also fall the Jester's dances. (The absence of capering diamond-cheeked clown is cause for Hosannas). Monica Perego and Elisabeth

Miegge were very pleasing Step-sisters, and the first act fairy sequence - cast as four duets for the seasons - was well done, with Ambra Vallo a dazzling Autumn spirit. The marvellous score - I think it superior to Romeo - sounded admirably under Patrick Flynn's baton.

ENB brings this staging to the Coliseum London, in March. Sponsored by Digital.

#### Music in London

## Bruckner's Requiem

he Bruckner/Mozart series at the Barbican offers a full deck of Bruckner symphonies and just a couple of wild cards. These days we are so used to hearing the mature symphonies that Bruckner wrote from his fifties on that it is easy to forget he started composing seriously as a young man though even then, being Bruckner, he did not exactly write young men's music.

The rarity at Sunday's con-cert was the Requiem from 1848, composed when Bruckner was a mere 24 (not for him any question of putting off a mass for the dead until late in life). Sacred music was where he hegan as a composer and be did not progress to orchestral music, let alone symphonies, until middle age. If one wants to know where the patient, wise, reverential Bruckner of the great last three symphonies came from, the Requiem is probably as good a place to start as any.

Until now, the pairing of Bruckner with Mozart in this festival may have seemed arbitrary, but hearing this

again. So often Mozart's own tenor Barry Banks in support. Requiem seems to be hovering in the background, an inspiration for the outline and even sometimes for the detail. There is the same purposeful tread (no spacious Brucknerian adagios here) and straightforward writing for the chorus. Bruckner does try his hand at the traditional fugue for "Quam olim Abrahae", but wisely does not stretch his technical ability for long.

iven that he was still

at the learning stage with this Requiem, Bruckner presented himself with a clear-cut lesson: the simpler he made his music. the better the effect. Much of this score is unmemorable, but when he suddenly restricts himself to unaccompanied male chorus for the "Hostias". he affords a glimpse of the master he would become. The men of the London Symphony Chorus made a brave stab at that section, and some of the solo music also has its moments: mezzo Patricia Bardon and bass Peter Rose found the right gravity of tone, with

For one night the London Symphony Orchestra was tak-ing a rest and sharing the limelight - not to mention the risk involved in putting on a rarity with the Scottish Chamber Orchestra, Charles Mackerras, the SCO's conductor laureate, was in charge and he searched out every morsel of musical interest in the score, as he has done so often with other little-known pieces. Overall, it was probably as good a performance as the Requiem has

Still, the SCO's calling-card with Mackerras is not Bruckner, but Mozart. Together they have recorded most of the major Mozart operas and on Sunday they brought the same warm and lively playing to the Overture to Die Zauberslöte and the Symphony No 41. Mackerras has lived to see the ideas on performing Mozart that he championed years ago accepted as the norm today, but marvellously nothing he does sounds at all didactic. The last movement of the symphony was pure joy.

melody in the Intermezzo inter-

rolo fourth movement of Bar-

## Maazel and the Pittsburgh

y a quarter-to-ten last Wednesday night, Lorin Maazel was in right good humour and so were his players in the Pittsburgh Symphony Orches-tra. The March from Bizet's L'Arlesienne brought their European tour to a buoyant end: it was the third encore of their Royal Festival Hall concert, following two lavishly characterised Hungarian Dances by Brahms. The array of percussion reserved for that moment showed it had all been planned, but it was also well deserved.

The evening opened with Sibelius's fiercely combative Finlandia, which gave the Pittsburgh's uninhibited brass section a good chance to air their lungs. On a more refined level. Sibelius's Violin Concerto set off the remarkable talent of 21 year-old, Lithua-

nian-born Julian Rachlin as soloist. He is still studying in Vienna but he played like a master, dazzling with his sumptuous tone and confident athleticism. Commanding, too, in his expressive authority: this was a real heart-throb performance. Some of the upward sallies in the finale suggested the wild freedom and gushing ardour of a central European gypsy rather than the icy extremities of Finland, yet Sibelius's rhythmic ingenuities invite a bit of swagger. Rachlin made the stratospheric harmonics snake about seductively, adding a touch of mischief that Maazel was obviously happy to collude with. Rachlin capped this tourde-force with an unexpected bonus in Ysaye's Ballade.

Maazel seated the orchestral violas on the audience's right ~ effective for their bit of the

tok's Concerto for Orchestra. As usual, he conducted everything from memory, interpreting with his gestures as much for the audience as the players. At the end of Bartók's "Gloco delve Coppte", the Concerto's second movement, the side-drum player hardly needed his final diminuendo so fulsomely mimed from the rostrum. Yet with or without the visual embellishments, this was a real virtuoso performance which proved the quality of the whole orchestra. It also showed some refined playing from all of the wood-

wind in turn, and in Bartok's

most humane and optimistic

finale, a good old blast from

the brass to meet Sibelius on

his own ground.

Adrian Jack

# INTERNATIONAL

on their interpreters. There

## ■ AMSTERDAM

CONCERT Concertgebouw . Tel: 31-20-5730573 Borodin Quartet: perform Tchaikovsky's String Quartet No.2 in F. R. Schumann String Quartet No.3 in A. and Schubert's String Quartet No.12 in C minor (Quartettsatz): 8.15pm; Mar 2.

#### ■ BARCELONA EXHIBITION T

Fundació Antoni Tàples Tel: 34-3-4870315 Francis Picabla, Máquinas y Españolas: an exhibition of around 150 works from five significant periods by the Paris-born painter (1879-1953); to Mar 3.

#### **■ BERLIN**

Komische Oper Tel: 49-30-202600 Requiem! a choreography by Birgit Scherzer to music by Mozart

performed by the Ballett Komische Oper; 8pm; Feb 29. OPERA

Deutsche Oper Berlin Tel: 49-30-3438401 Oedipe: by Enescu. Conducted by Lawrence Foster and performed by the Deutsche Oper Berlin;

## **BONN**

7.30pm; Mar 1.

**OPERA** Oper der Stadt Bonn Tel: 49-228-7281 Don Giovanni: by Mozart.
Conducted by Shuja Okatsu and performed by the Oper der Stadt Bonn; 7pm; Mar 2.

## DENVER

EXHIBITION Denver Art Mu Tel: 1-303-640-2793 Norman Rockwell Art Tour of America: from Mar 1 to Mar 3.

## DRESDEN

Tel: 49-351-49110

JAZZ & BLUES Sächsische Staatsoper Dresden Tel: 49-351-49110 Jazz-Abend – Improvisationen: performance by Mack Goldsbury on saxophone, flute and clarinet, and Andreas Böttcher on plano, vibraphone and synthesizer; 8pm; Mar 1, 2. OPERA

Sächsische Staatsoper Dresden

Offenbach. Conducted by Siegfried

Les Contes d'Hoffmann; by

## ■ LONDON

OPERA

CONCERT Barbican Hall Tel: 44-171-6388891 Steven Isserlis and Olli Mustonen: the cellist and the pianist perform works by Martinu, Sibelius, Janacek, Bloch and Shostakovich; 4pm: Mar 3. Queen Elizabeth Hall Tel: 44-171-9604242

 Alban Berg Quartet: perform Mozart's String Quartet No.18 in A and String Quartet No.17 in B flat (Hunter), and Berio's Nottumo Quartetto III; 7.45pm; Feb 29.

#### **OPERA** London Coliseum Tel: 44-171-8360111

 Tosca: by Puccini. Conducted by Alex Ingram and performed by the English National Opera. Soloists include Janice Caims, David Rendall and Phillip Joll; 7.30pm; Mar 1, 5.

## **■ MUNICH**

CONCERT Philharmonie im Gasteig Tel: 49-89-48098625 Alexander's Feast: by Handel. Performed by the Chor und Kammerphilharmonie des Mitteldeutschen Rundfunks, Leipzig, with conductor Simon Preston;8pm;

#### ■ NEW YORK CONCERT

Avery Fisher Hall Tel: 1-212-875-5030 New York Philharmonic: with conductor Leonard Slatkin and pianist Jeffrey Slegel perform works by Gershwin, Bernstein and Ives/ Schuller, 2pm: Mar 2. Carnegie Hall Tel: 1-212-247-7800 Richard Stoltzman and Lukas Foss: the clarinettist and pianist perform works by Gershwin, Copland, Ives, Reich, Foss, Hindemith and Bernstein; 8pm;

## ■ OSLO

CONCERT Oslo Konserthus Tel: 47-22-834510 Oslo Filharmoniske Orkester: with

## conductor Eije Oue. Mozart's Symphony No.25, Albrechtsberger's Concerto for Alto Trombone and Orchestra, and Mussorgsky's Pictures at an Exhibition; 7.30pm;

#### PARIS CONCERT

Cité de la Musique Tel: 33-1 44 84 45 00 Orchestre du Conservatoire: with conductor/viola-player/violinist Shlomo Mintz perform works by Hindemith, Mozart and Brahms; 8pm: Mar 2.

#### ROME CONCERT

Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064 Emerson Quartet: perform Beethoven's string quartets Nos. 12 and 15; 8.45pm; Mar 1.

## **■ SEATTLE**

EXHIBITION Seattle Art Museum Tel: 1-206-625-8900 Morris Graves: Flower Paintings: exhibition of 18 paintings by the American artist Morris Graves: from Mar 1 to Aug 4.

## **■ STUTTGART**

DANCE Staatstheater Stuttgart Tel: 49-711-20320 Stuttgart Ballett: perform Marius

Minkus, George Balanchine's Chaconne to music by Gluck, and a choreography by Uwe Scholz to Bartók's Piano Concerto No.1; 7.30pm; Feb 29; Mar 1.

Petipa's Paquita to music by

#### SYDNEY CONCERT

Concert Hall Tel: 61-2-250-7111 Sydney Opera House Orchestra with conductor Anthony Walker, the Sydney Philharmonia Choirs and the Sydney Philharmonia Symphonic Choir perform Szymanowski's Stabat Mater and Faure's Requiem; 8pm; Mar 1.

#### ■ VIENNA CONCERT

Konzerthaus Tel: 43-1-7121211

Thomas Moser: The tenor performs songs by Beethoven and Schubert; 7.30pm; Mar 1. EXHIBITION

Kunstforum der Bank Austria Tel: 43-1-5320644

Van Gogh and the Hague School:

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**Edward Mortimer** 

## Surfeit of good things

The right to vote can be meaningless if the real choices are left to the market and those elected are powerless to act

Free economics is a necessary condition for free politics. But you can have too much of a good thing.

America won the cold war. History ended with the triumph of economic and political liberalism. All other ideologies abandoned the field. Nothing is left for people to fight about except competing ethnic and cultural identities; "the clash of civilisations".

Then why are Americans so unhappy? Why do solid citizens in Iowa and New Hampshire vote for a man whose policies could best be summarised as "stop the world, I want to get off"?

Of course Pat Buchanan has not yet been nominated Republican candidate, let alone elected president. All the pundits assure us he still will not be. All he has done so far is persuade a lot of religious activists to turn out for meetings on a winter evening in Louisiana and Iowa, and then win a narrow plurality of votes among supporters of one party in New Hampshire.

Never mind, Buchanan has seized the initiative and got the Republican establishment running scared. None of the other leading candidates now dares to be seen as the candi-date of successful American businesspeople - except perhaps Steve Forbes. None campaigns on a clear free-trade platform, proclaiming the North American Free Trade Agreement and the Uruguav Round as great achievements of the last Republican administration. Certainly none dares defend the United Nations as a great American creation or an indispensable instrument of US foreign policy - even though George Bush, the former president, mobilised the UN so skilfully in the Gulf

war five years ago. However much they disagree with his remedies, all candidates know Buchanan has touched a sore point in the American psyche. Americans are not happy. They are not exuding the self-confidence and "can-do"

tory in the second world war. Materially they are much better off, on average, than they were then. But they do not feel secure. They feel their iobs and their way of life are

threatened by economic and

technological change. Undoubtedly their chances of finding another job, if made redundant, are better than those of their European counterparts. But many know from experience that changing jobs can mean moving down the income ladder, not up. The market may do its job of maximising efficiency and productivity. That is no consolation to individuals who find the

market value of their skills is

going down.

If that is true for Americans, how much more so for people in Russia and other countries where market forces are being unleashed after decades of state control? Many young, enterprising, acquisitive Russians are undoubtedly benefiting, and many Russian economic indicators are now encouraging, if one assumes the reform process will continue roughly on course. But for many individual Russians - perhaps even a majority - the immediate personal consequences are catastrophic. Gennady Zyuganov, the Communist leader, is the Russian equivalent of Pat Buchanan - except that he

Private choices by consumers are not the same as civic choices by citizens. Leaving everything to the market deprives citizens of the chance to make

collective choices

chance of actually becoming

Benjamin Barber, a leading US political scientist, has neatly encapsulated the contradiction of our times in the title of his book, Jihad versus McWorld (Times Books, \$25).

McWorld is the world of McDonald's hamburgers, of "globalisation". Puck's boast (in Shakespeare's A Midsummer Night's Dream) that he will "put a girdle round about the earth in 40 minutes" is far surpassed by today's reality: images, ideas, even investments (but not refugees or migrant workers), can accomplish the same feat in a few seconds. The result is a global marketplace and a homogenised culture. The rest of the world perceives this phenomenon as Americanisation, but Buchanan speaks for those Americans who feel no less

threatened by it. Jihad is a Moslem term roughly equivalent to "crusade", but used by Barber to cover all the "new tribes": people desperate to preserve their traditional identities, whether ethnic, national or religious (Buchanan is an American version of "jihad"). Such people resist globalisation but are also a product of it: the Serb gunner on the hills above Sarajevo wore the same Adidas sneakers, and was listening on his personal stereo to the same Madonna tapes, as his victims in the

city below. What has gone wrong? In Barber's view the identification of democracy with markets is a "deep and dangerous confusion". Private choices made by consumers are not the same as civic choices made by citizens. Leaving everything to be decided by the market deprives citizens of their chance to make collective choices.

The British political scientist David Beetham makes the same point, in a paper given to a recent conference at the University of Warwick. He said: "The more we emphasise

spirit which followed their vic- appears to have a much better individual choice - in health. education, transport, etc. the more we abandon any collective control over the coose quences of these choices, and the shape and distribution of provision between different sections of the population."

Twenty or 30 years ago "direct democracy" was the fashion. We were all supposed to become full-time citizens. spending all our time at meetings. They tried it in Portugal after the 1974 revolution, with the result that the Communist party almost came to power: a well-organised minority, with members prepared to stay at meetings until everyone else had gone home.

Now the pendulum has swung right over, and the slogan is causeat emptor (let the buyer beware). We are supposed to be full-time consumers, spending all our time por ing over copies of Which?, deciding which product is best value for money.

The truth is, most of us don't want to be either of these things. We want to be assured of a minimum standard of government, and a reasonable choice of goods and services with some protec tion for consumers against unsafe products or outright fraud.

We want the chance to vote a corrupt or incompetent goverrment out of office, and the chance to switch suppliers if a product is unsatisfactory. But we have other things to do in life, and we want to get on with them.

Too much democracy kills the market, because "the people", or an authority acting in their name, take all the decisions collectively, leaving nothing to the individual. But too much market may also kill democracy. If every choice is left to the market, the right to vote becomes meaningless because the people you elect have no power to change any-

No doubt the market is a necessary condition for democracy, as water is for life. But you can also drown...

## ·LETTERS TO THE EDITOR.

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please at a we are seen to encourage letters from reacers around the works the fine in the main international in

## Common conflicts in stock exchange ownership

From Mr John Brewer. Sir, A key principle of Hong Kong's company law - which applies equally to the stock exchange as it does to any company listed on it - provides that a company's board must act in the best interests of the company as a whole. You Lex columnist was right "London

utility expectations while owned by a small group of broker-members. That very issue was brought

to the fore in Hong Kong in late 1994 in a report co-authored by Bob Fell, formerly the London Stock Exchange's first chief executive. More recently, the Australian Stock Exchange's Stock Exchange", February 26) board of directors has taken a in identifying the huge conflict hard look at its ownership. In of interest that exists when an both cases, a public listing of exchange tries to fulfil public

the exchange has been mooted. Corporate governance and the regulation of monopolies have stared each other in the face rather uncomfortably since the days of England's medieval guilds and chartered trading companies. The shortcomings identified by Lex do not make stakeholder theory any less woolly than it already is. But they do suggest

participants can be reflected through a wider ownership structure, the privilege of listing securities as a competent authority should be made more widely available

John Brewer. chief executive, The Hong Kong Institute of Company Secretaries, 22/F Prosperous Building. 54-58 Jardine's Bazaar Causeway Bay, Hong Kong

## Perspectives on history are different

From Mr Michael Moore. Sir, Dr Jürgen Pfister of Commerzbank (Letters, February 23) demonstrates the different views of German history from the English and German perspectives. The hyperinflation of 1923 after the French occupation of the Ruhr got rid of the French, left unemployment around 10 per cent and the Social Democrats in power. To German bankers this is more fearful than the attempt to reduce wages in 1930-33, which out unemployment to 30 per cent

and Hitler into power. Perhaps monetary union is a just revenge for the Treaty of Versailles, but as J.M. Keynes said in The Economic Consequences of the Peace, it will not benefit the avengers.

Michael Moore. Peveril. 58 The Ridge, Marple, Stockport Cheshire SK6 7ER,

## Strong stand essential on China CD piracv

that, unless the interests of a

broader range of market

From Mr Brendan Dodge. Sir, I am responding to the article entitled "Fresh drive to cut China CD piracy" (February 22). I hope the US and the European Union take the advice of the music industry. They need to let China know that it needs to take the agreement with the US on intellectual property rights seriously. Mr Nic Garnett, director-general for

the International Federation of

the Phonographic Industry, said the situation last year "got worse, instead of better" That is sad. More than half the CDs and cassettes sold in China are pirated, according to the IFPL

It is essential that a strong stand on piracy be taken now. The market for music CDs. CD-Rom software, and movies on laser disc is growing rapidly. If piracy is not stopped now it will continue to expand

Perhaps just as important as

changing patterns of French

consumption and low prices is

with the expanding markets stealing more and more from the industry. If China will co-operate, the problem of = piracy in China can be ... curtailed, and its new market :: will provide a large boost to 🦠 the worki entertainment and software industries:

Brendan Dodge 1848 North Cool Creek Ave., Meridian. Idaho 83642, US

#### McDonald's lesson in being family friendly where parents can go and not-

From Ms Katherine F. Rozei. Sir, I read with interest Andrew Jack's article McDonald's makes fast-food inroads on the French palate (February 21) describing McDonald's astronomical growth in France since the late France who continues to travel there often, and more importantly as a parent of a young child, I noted the article omitted one important factor in explaining the increasing French preference for eating at

the fact that McDonald's is a child-friendly restaurant. It (and other fast-food chains) is the one restaurant in France where parents who wish to dine with their children may comfortably go with the expectation of enjoying their meal. Not only does McDonald's provide an atmosphere and environment which is welcoming to children and food that is easy for them to eat. And it is the one place

scowling faces of other patrons and restaurant managers/ workers alike. McDonald's is certainly not my first choice for culinary satisfaction; however, if French cases and brasseries wish to survive. they would do well to heed its example and make their friendly and welcoming.

expect to be greeted by the

Katherine F. Rozei, 6453 East Windsor Lane. Norcross, Georgia 30093. US

## Japanese competition would seem to have a limited future

From Professor Ronald Dore. Sir, Pamela Meadows' Personal View ("When growth fails the unemployed" February 27) seems to favour the third of the three options for dealing with the UK unemployment problem which she so lucidly surveys - paying more for our railway tickets so that stations can be decently staffed. Maybe even paying more local taxes to de-privatise refuse collection, creating more jobs in which even those whose energy levels are not un to working more than 35 minutes in every paid hour can

still make out? It is, indeed, well called the Japan should continue to retain it was a matter furiously debated at a conference, "Capitalism in the 21st century", in Japan's Ministry of Finance earlier this month.

The crux of the matter is competition. Pamela Meadows, echoing the Blair/Major consensus, says that we should welcome the way European societies have become more competitive and efficient. But there have been some less

desirable side-effects". What she does not acknowledge is that there is a real trade-off. You cannot have the no-holds-barred competition British society presently favours without those side-effects. The Japanese keep up employment precisely by the limitation of competition.

This is done partly by Dartiy Dy Carteis No petrol station can steal a march on its rivals by sacking employees and going self-service, because the fire regulations won't permit it. The slowing down of the

growth of supermarkets keeps up less-efficient retail employment. As for cartels, look at

newspapers. Compared with the UK, grossly overstaffed by any words produced per journalist criterion. But viable because there is either an implicit or explicit cartel which rules out Murdochian price wars. They compete fiercely in news and features. sponsoring concerts and baseball teams, but not on

It probably won't last. On the one hand, external pressure, with US trade representative, Mickey Kantor, Sir Leon Brittan, constantly clobbering the Japanese for dragging their feet on deregulation. On the other, the very real "policing" problem which requires a consensus

about the criteria for separating socially useful cartels from conspiracies against the public.

Those of us at the conference who argued: "Stick with it: competition and efficiency are not the only ends in life" were a distinct minority, greatly outnumbered by Japanese economists with PhDs from Berkeley and Chicago, true believers in the supreme virtues of competition. Which is, after all, not just the Blair/ Major consensus but the worldwide peo-classical economics consensus.

Will America's social problems eventually become so changes?

Ronald Dore, London School of Economics, Houghton Street, London WC2A 2AE. UK

## Two countries inside one

While diplomats clinked glasses to celebrate the introduction of the Mercosur customs union on January 1 last year, states in north-eastern Brazil were savouring a less sweet prospect. The union, which links Brazil to Argentina. Paraguay and Uruguay, is likely to suck even more big investment projects into Brazil's rich south at the

expense of the poor north. The north-east has already been forced to fight harder to win investment. Central government's budget problems have reduced the amount of money available to persuade investors to locate to poorer regions. And economic reforms aimed at giving the private sector a greater role in industrial development have reduced the government's ability to direct investment to such areas.

Mr Jorge Khoury, industry secretary in Bahia state, says he agrees "philosophically with a more open economy, but urges the central government to do more to help poorer regions. "Otherwise, uniform policies for a country which has such inequalities is bad for us, and will perpetuate two Brazils," he says.

The gap between rich and

poor Brazil does, indeed, look like that between two countries. The average head of a household in the north-east earns half the wage of his equivalent in the south-east, dies 10 years younger and is twice as likely to be illiterate. To reduce these differences, past governments have offered generous incentives to persuade companies to move to the north. For example, Alcoa Aluminio, the Latin American arm of Alcoa of the US, was persuaded to build a rolling mill in the state of Pernam-

buco, in spite off its distance

from the source of raw materi-

als in the Amazon and from

consumer markets in the

Brazil's north-east is losing out in the fight for big investment projects, says Angus Foster



Government projects, such as a petrol refinery outside the Bahian city of Salvador, also created regional industrial centres. Investments like these will no longer be attractive following the approval of Mercosur - especially given the government's cash shortage. With more than 60 per cent of Mercosur's wealth and population lying within the Sao Paulo-Buenos Aires axis, big investments look increasingly headed for the south.

But Mr Rafael Lucchesi, a Bahia-based economist, says Mercosur does not have to mean bad news for the region. Bahia's exports to Mercosur almost doubled to \$190m between 1991 and 1994, as the trade barriers came down. This is a slower rate of growth than in southern states, but tropical northern Brazil can offer different products to the temperate south, such as tropical fruits

like mango and acerola. Although big investments may no longer head for the north-east, smaller ventures are moving into the region. Brazil's recent economic stability since the 1994 introduction of the Real currency has led to an explosion of consumer spending by people who were too poor previously to afford anything except food.

For a state like Bahia, which has a population of 12m and accounts for 40 per cent of the north-east's economy, this means large numbers of new consumers with money to spend. Companies are still cautious about investing until economic stability seems assured. But some consumer goods companies, including manufacturers of food, hygiene products and paints, are considering shifting production to the north-east, instead of transporting products there from southern factories.

This development of regional manufacturing centres means big savings on high transport costs for industries which can build small factories cheaply. Brahma, Brazil's biggest brewer, announced earlier this year it was building a new factory in the state of Sergipe to serve the region's market. Another brewer, Kaiser, plans to build breweries in Pernambuco and Ceara.

But serious barriers to development remain for the states in the region. Their reputation, for conservative, and corrupt, politics dissuades some foreign investors, and poor education standards mean there is no reservoir of well-trained staff to provide a workforce.

The region's infrastructure is also poor. Exporters complain the region's potential advantage of being closer to Europe and the US is lost because the north-east's ports are inefficient. Tourism, seen as a large potential employer along the coast, has been hampered by fragile air and road links. Large tourist centres, such as Porto Seguro in southern Bahia, lack adequate water and sewage systems.

Finding money to improve infrastructure links will be difficult. Several state budgets, including those in Alagoas and Maranhão, are in dire straits with 90 per cent or more of revenues committed to government salaries and no money left to invest.

Mr Khoury says the central government has a responsibility to spend more. "It's all right for the central government to ban privileges, but we need to maintain our rights as part of a federation," he says, "The north-east is not just a problem for the north-east, but for the whole of Brazil."

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## An outline for EU reforms

The European Commission will today finalise its proposals for the next round of constitutional reform of the European Union, the clumsily-named inter-governmental conference, to be launched in Turin at the end of March. The Dutch have already come up with their ideas, and the French and Germans published theirs last night. Predictably, they all go a good way further than the British government is ever likely to. And yet there may be more room for consensus than most sceptics have thought possible.

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The main criticisms of the forthcoming IGC have been that it is premature and unfocussed. It is supposed to streamline the workings of the union, to prepare for the expectation of a swathe of new member states from central and eastern Europe after the turn of the century. It is also intended to reinforce the much-maligned common foreign and security policy of the union, the so-called second pillar, and strengthen co-operation on justice, immigration and crime fighting, the third pillar.

The trouble is that the next enlargement of the EU is still several years down the line, and few member states seem ready to concentrate on making concessions until it is much closer. It is as if only the prospect of imminent decision-making paralysis will make them introduce the necessary institutional reforms.

Having said which, one must admit that the Commission has come up with challenging ideas which will force clarity into the debate. For a start, its proposals begin from the essential premise that reform is needed to make it possible for enlargement to hap-

It calls for "the systematic discarding of unanimous decisionmaking" that is the progressive removal of the right of national veto. That may be less earth-shattering than it sounds. Majority voting already exists in the main areas of EU legislation, like the common agricultural policy and the single market. The Commission goes further, proposing "super-qualified" majority voting in sensitive areas like fiscal pol icy. That would appear to mean that one member state might not

The Commission is also adamant that most co-operation in the "third pillar", such as combating fraud, terrorism, organised crime and drug trafficking, should be brought under normal EU rules. That will be anathema to the present British government but most EU member states could

security policy. To get round the problem of how to introduce majority voting in that acutely sensitive area, they are proposing the principle of "constructive abstention". That means if one country does not want to participate in any policy, it can abstain But all countries will be required to show "diplomatic and financial solidarity" for common policies

agreed by the rest. That would already be going a long way, very possibly too far for the British. The UK white paper on the IGC is promised by mid-March Yet there is common ground. Britain also wants a more effective second pillar, and might be prepared eventually to consider the Franco-German approach. It wants a more efficient and transparent EU, and it wants enlarge ment to go ahead. It must approach the talks in a spirit of

negotiation, not of confrontation.

## Green Labour

the mantle of environmentalism easily in the past. It has feared with some cause, that "green" policies would cost jobs. According to Mr Tony Blair, all that has changed. Yesterday, in a lengthy speech, he ranked environmental protection alongside economic dynamism and social justice in the party's objectives.

Mr Blair should be given credit for tackling the questions head on. But he has stalled at many of the hurdles which defeated his predecessors. In tackling the central question of how environmental protection will be paid for, he has also found no better answer than the government - indeed, he has borrowed much of its language in pretending that the circle can be squared.

Take energy policy. The decline of the coal industry, the electricity generators' "dash for gas" and the rise of nuclear power – all devel-opments Labour attacked or questioned - have helped curb emissions of global warming gases. Would Labour support a continuation of the trend? Mr Blair is silent, resting his hopes for fur-

ther curbs on energy efficiency. But in that arena, his plans confront the problem which has largely derailed the government's energy efficiency schemes: con-sumers' reluctance to pay. Mr

The Labour party has not worn Blair suggests an extensive home insulation programme, which he estimates could create 50,000 jobs might be paid for by the utilities He does not, however, explain why they should do this.

Similarly, current public opposition to road building reflects lack of investment in alternative public transport, says Mr Blair. In part, he is right - but he stops well short of pledging more money for public transport.

The point he ducks throughout is the one which has caused most environmental policies to founder: cleaning up pollution costs money In dodging this point, Mr Blair employs the same fallacy which government ministers have brandished for years: that "greener" means richer. Improving efficiency in the use of natural resources often means using other resources, such as labour, less efficiently, and may also involve costly investment. The rise of an environmental protection industry usually low-technology - does not necessarily compensate.

When environmental policies are implemented their costs become apparent; they often promptly become unpopular. But provided Mr Blair avoids drawing attention to that fact, his appeal to the environmental conscience of "my generation" may help win the

be able to block a policy, but two

go along with it. France and Germany have concentrated their main focus on beefing up common foreign and

ate its most efficient plant.

Unsurprisingly, German motor

A significant number of those jobs could move to central Europe, as the restructuring of the car and components industries in Poland the Czech Republic, Hungary and Slovakia gathers pace. New capitalintensive operations may still be sited at traditional locations in the west, but labour-intensive activities are moving out.

It was quickly apparent, as borders opened, that central Europe could provide a new source of low-cost but skilled and well-educated labour. Conservative estimates show that labour costs in the region are still less than a tenth of German levels, and privately some manufacturers say the gap is much greater.

But labour rates and a supply Step by step the carmakers want to

## A drive into the fast lane

Western carmakers are increasingly optimistic about their expansion in the former Communist states of central Europe, says Kevin Done

he car industry is on the move across central Europe. Six years after the fall of communism, the world's leading carmakers and the components suppli-ers that follow in their tracks are increasingly confident about the region's prospects.

General Motors, the world's largest vehicle maker, exemplifies the mood. It is poised to build its first integrated car manufacturing plant in central Europe at one of four short-listed sites in southern Poland. "We want to put the first spade in the earth in April," says Mr Scott Mackie, GM Europe's vice-president for planning.

After the decline following the fall of the Berlin Wall, gross domestic product in the region's countries is increasing at between 5 per cent and 7 per cent a year. Inflation is largely under control, and local currencies are stable or appreciating.

Demand for new cars last year 'exceeded expectations", says Ms Carol Thomas, analyst at DRI Europe, the London-based automotive consultants. Sales in the seven countries surveyed by DRI in central Europe - Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia rose by 7.3 per cent to about 604,000. Demand is forecast to rise by at least 10 per cent a year for the rest of the decade to reach more than 1m in 2000, compared with expected growth of only 2 to 4 per cent a year in western Europe.

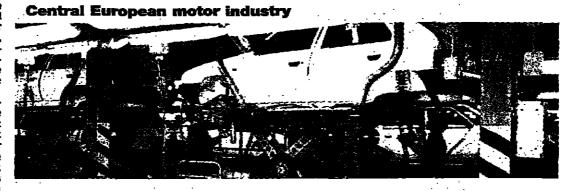
The motor industry is in the van-

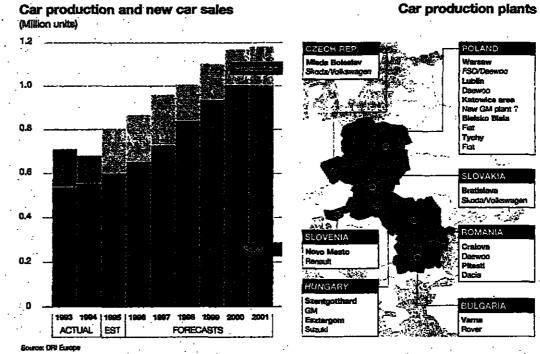
guard of the economic reforms taking hold throughout the region. improving efficiency and quality and introducing modern management techniques. In Mlada Boleslav, north of Prague, the prison block that once housed part of the labour force for the old Skoda car plant has been demolished. In its place stands Skoda Automobilova's gleaming new paint plant. Alongside, new final assembly lines are taking shape as Volkswagen, Skoda's parent company since 1991, aims to cre-

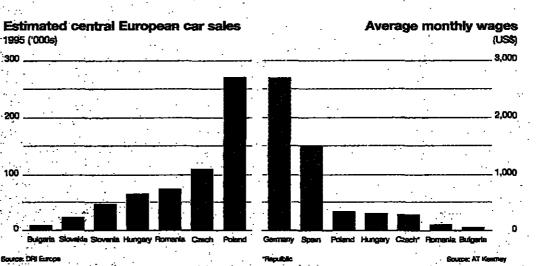
industry leaders warned two weeks ago that by the end of the decade a further 100,000 jobs could be shed in the German car and components sector, generally acknowledged to have the highest cost base in the

"Take wiring harnesses," says Mr Graham Bell, director of marketing and operations planning in Europe at Delphi Automotive Systems, the world's biggest motor components group and a subsidiary of General Motors. "At one time, our production was concentrated around the centre of western Europe. Now it is in Turkey, Tunisia. Portugal. Ireland, Hungary, the Czech Republic and Poland."

source for low-cost components and products that can be exported to the west are now only part of the story.







Europe to serve the growing domestic markets. This is the significance of the latest GM move in Poland. Like several rivals, it had established so-called screwdriver plants - small volume, low investment, kit assembly operations - chiefly as a means of circumventing tariff barriers. The test was always going to be whether such operations would simply disappear as import duties were eliminated, or whether the markets could reach sufficient size to support investment in fully-fledged car

Source: DRI Europe

manufacturing operations. GM believes that, at least in the case of Poland, the biggest market in central Europe with a population of 39m, the time has come to make a big investment. "We doubled sales last year," says Mr Mackie. "We have got our foothold and we want to grow with the market. We have increased our dealer network, and we have established enough presence to justify the leap to

establish capacity inside central a more significant facility." tantly their dealer networks and GM is planning to invest around DM500m in the first stage of the project aimed at creating a capacity to build 70,000 to 100,000 cars a year. Unlike its existing small volume assembly plant in Warsaw, to which complete painted bodies and kits of parts are supplied from Opel plants in western Europe, the new facility will be an integrated plant with its own metal stamping, body welding. paint shop and final assembly.

Production, most probably of a reengineered, low-cost version of its current Opel/Vauxhall Astra small family car, is due to start in 1998. Purchasing power in central Europe still lags far behind western

Europe, and GM has concluded it must develop a product tailored to the region if it is to make bigger inroads in the market. As the carmakers add manufacturing capacity, they have also

embarked on reform of other parts of the business chain, most impor-

components suppliers. They are seeking to establish western-style exclusive distribution networks, run by private entrepreneurs, that can offer a full range of sales, service and parts support, as well as consumer finance. Flat of Italy, a pioneer in eastern

New GM plant ?

Europe which currently controls about 51 per cent of the Polish new car market, has increased the share of private dealerships in its 100strong network from 55 per cent in 1992 to 90 per cent last year, while the share of exclusive Fiat group franchise dealers has risen from 20 to 71 per cent.

Credit facilities at the dealerships are also becoming available, as inflation and interest rates fall. "Only a couple of years ago, you could not get loans for a car from the banks. It was like taking part in

a Kafka novel with endless forms and months of waiting. You had to take along a suitcase of cash to buy

a car," says Mr Bertrand Gossart, director of Renault Credit International in Poland. Renault increased its sales by 49 per cent in 1995 to 8,000. In 1994, 90 per cent of Renault cars in Poland were bought for cash. Last year, credit-financed sales jumped to 25 per cent, and the company aims to finance 35 to 40

per cent with credit offers in 1996. On the production side, similar fundamental change is occurring in the components sector. Volkswa-gen's takeover of Skoda has acted as a catalyst for the restructuring and modernisation of the entire Czech components industry and led to more than 40 joint ventures between western producers and Czech suppliers, and the setting-up

of 15 greenfield site plants.

Fiat Auto Poland has increased its local content level to around 73 per cent from 55 per cent in 1992. GM is opening a regional components and materials purchasing office for central Europe in Warsaw, and purchases in the region are expected to rise to DM1.6bn a year by 2000 with Poland accounting for about 40 per cent.

or all the promise of new opportunities and growth in central Europe, the established US and west European carmakers are still advancing with caution, while the Japanese are scarcely on the map, except for a modest Suzuki venture in Hungary.

There is one exception. For Daewoo of South Korea, eastern Europe has beckoned like the promised land. Its much bigger rivals are still gaping with astonishment at the audacity - or foolhardiness - of the strategy, but Daewoo has chosen to make eastern Europe the centrepiece of its vehicle manufacturing operations for the whole of Europe. In less than two years, it has taken control of a series of beleaguered former state-owned vehicle makers in Romania (Oltcit), the Czech Republic (Avia) and Poland (FS Lublin and FSO), and has built

a car plant in Uzbekistan. It is promising to invest \$1.1bn at FSO, \$340m at FS Lublin and \$900m at Rodae in Romania, with a total capacity to produce around 500,000 vehicles a year across the full range of cars, vans and trucks and with engines, gearboxes and components exchanged between plants.

These are the smallest figures for our expenses for the modernisation and development of those factories. It would be difficult today to estimate the maximum investment of Daewoo in the Polish car industry," says Mr Yoo Choon-Sik, presi dent of Daewoo Motor Poland.

Western producers believe that Daewoo has underestimated the enormous challenge of transforming the outdated, monolithic operations of former state-owned carmakers like FSO in Warsaw. But the South Koreans are unabashed. The first kit assembly of Daewoo Nexia/Cielo cars began in Lublin, Poland, and Craiova, Romania, last month.

The question now is whether the trickle will turn into a flood and whether Daewoo can find customers for all the production. "We are sceptical about the total number of vehicles that can be sold into these markets," says Mr Bell of Delphi Automotive. "Some could be exported to west-

ern Europe, but growth is limited there. There is not a particular market for cheap cars in western Europe - otherwise they would sell more Ladas. But this is still a very interesting opportunity in central Europe. There is genuine growth, and whether it is 500,000 more or 1m more, it is still attractive."

## Restringing Nasa

The loss of Nasa's \$440m satellite-on-a-string gives critics another chance to attack the space agency for incompetence. But the accident - the snapping of a shoelace-thin cable that connected the satellite to the shuttle Columbia should not distract from the improvements made over the past three years in Nasa's efficiency

and scientific responsiveness.

The last big mishap - the loss of the \$1bn Mars Observer mission in 1993 - followed a string of mana-gerial and technical failures going back to the 1986 Challenger disaster; it convinced the Clinton administration that the agency needed radical reform. Dan Goldin, head of Nasa, has obliged by implementing his "faster, better,

cheaper" policy. Nasa has already shed 20,000 jobs and plans to cut more 35,000 more. Layers of bureaucracy are disappearing. Its \$14bn a year budget is shrinking.

But Mr Goldin understandably gets upset when people focus on declining "inputs". He would rather be judged by rising "outputs". By redirecting Nasa's scientific spending away from a few elaborate and expensive missions typically costing \$1bn or more each, towards a larger number of cheap projects with a cost ceiling of \$150m each, he has managed to start 25 new programmes. For less than the cost of the ill-fated Mars Observer, Nasa plans to send a small fleet of spacecraft to the red planet over the next few years. While Mr Goldin seems to have sorted out Nasa's unmanned sci-

entific activities, the agency is still weighed down by two manned programmes dating back to the 1970s: the shuttle and the space station. In retrospect, the space station looks like a huge mistake. Although its first components will not be launched until 1997-98, Nasa has already spent \$10bn pre-paring to build a permanently manned structure in orbit. Billions of dollars were wasted, as engineers endlessly redesigned the station to meet new political and financial demands from Congress and Nasa's international partners. To cancel the space station now would compound the waste. Better stick with the final design, agreed by all parties, and the target of completing the first phase by 2002 at a cost of \$17.4bn.

But Nasa's greatest challenge over the next few years will be to develop a successor for the ageing shuttle fleet. If the US is to maintain its inspiring long-term goal of sending human explorers through the solar system, the next step must be a flexible launcher that can carry people and goods into space and back far more cheaply and safely than the shuttle.

## Monkey business

■ Brazil's environmental agency Ihama may be toothless when it comes to saving the Amazon, and ineffectual at conserving the Atlantic forest. But it sure is ace at dealing with African chimpar

Ibama wants to stop Pepsi and Brazilian drinks company Antarctica using chimpanzees in their TV advertisements. Showing the creatures knocking back cold drinks is supposed to devalue nature. Companies should seek permission to use animals in their advertisements. Ibama plans to tell the courts.

So far, few Brazilians seem to support Ibama's campaign. Most people think Ibama would be better off tackling more or less any of the threatening Brazil The

ohimpanzee isn't even indigenous to South America. Whatever bappens though, the fullabaloo is a disaster for Antarclica, since the trainer of the chimp in its ad has let on that the liquid driving the monkey wild on screen was never the company's own, just plain old coconut juice;

Heady cocktail ■ Société Générale, the private sector bank, and the French post

office aren't mixing. No, it's not

because the latter has been delaying too many of the former's cheques in the mail. It's more serious than that. SocGen is accusing the post office of being the "Canada Dry" of hanking. Eh? This harks back to an old

advertising campaign that went on about a *boisson* of Canada Dry looking, smelling and tasting like alcohol, but not in fact being The post office, which is

increasingly encroaching on bank territory with its financial products and services, approves of the tag.
"Like the drink, we don't have to come with any health warning either. We're much safer than the banks," purrs an executive.

## l'imor test

It is hard to see how Europe's leaders can avoid raising the question of human rights at this week's EU-Asia summit in Bangkok. Hence, it is a mite insensitive of Kia Motors of South Korea, and an Indonesian company, to choose this week to launch a car christened "Timor." The choice of name brings to

mind umpleasant human rights abuses in the disputed territory of East Timor, invaded by Indonesia in 1975 and annexed a year later. Perhans the move is the start of a move away from names evoking romance, Moroccan winds or carnivals?

Can we now expect cars

produced in Yugoslavia to be called the "Bosnia" or those in South Africa to be named the "Soweto"?

#### Post haste ■ The St Valentine's Day cards

OBSERVER

were barely through the letter box before those hyperactive souls at Hallmark were dreaming up yet another card day. Clearly concerned that three whole weeks might elapse between St Patrick's Day and Easter with people unable to send a greeting, the company has developed a range of April. Fools' Day cards. The joke has to be on those who buy them.

#### Papal bull ■ Australia's general election

campaign is getting serious. Pope John Paul II has been dragged into the fray by a group of clergy unhappy with the opposition's plans for labour market reforms.

The group was particularly upset about the likely replacement of collective bargaining agreements by individual contracts. "What we are worried about is who picks up the tab when families are brought down on to the breadline," said the Reverend Ivan Ransom, a Presbyterian minister.

Hardly revolutionary stuff. But at an election rally outside Melbourne Town Hall, the clergy group suggested that the Pope was on their side, quoting him as

saying that Australia had a long and proud tradition of settling disputes through conciliation and arbitration.

John Howard, leader of the Liberal-National coalition, was not best pleased, but rose to the challenge. "I don't want His Holiness involved in the election campaign," he said. "Not that I'm frightened of the doctrinal consequences of that. I think it was Centesimus Annus, one of the papal encyclicals, that spoke of the voluntary nature of one's association in our society". Quite.

Wild about Barry ■ "We're the bright young men who want to go back to 1910, we're Barry's Boys," chanted the folk-singing Chad Mitchell Trio in 1964 as they skewered Barry Goldwater – the Pat Buchanan of the day.

It's not that Goldwater, now aged 87 and endorsing Robert Dole with his quip about being "the new liberals of the Republican party has shuffled to the left. Rather, his party has galloped far to the right in the three decades since he buried his electoral chances with his views about extremism in the

defence of liberty being no vice. Barry's Boys yearned to go "back to when the poor were poor and rich were rich, and you felt so damn secure just knowing which was which." Like liberals and conservatives in 1996.

## Financial Times

#### 100 years ago Transvaal and General

Mr Hamilton Smith, the managing director, said at the ordinary general meeting. If we had taken more risks in the past year than we did take, the profits would have been very much larger. I have no doubt that, instead of paying you a dividend of 10 shillings a share, we might have paid you one of 20 shillings a share if we had taken a little more risk. But we much preferred to make money, hasarding not much, and to do business safely. (Cries of Hear, Hear). 50 years ago Japanese bonds fall

The strongest possible protests were voiced by Stock Exchange dealers in Foreign Bonds yesterday at the statement of the Chancellor of the Exchequer in the House of Commons that he could not imagine why any Britisher should own Japanese bonds at all. The Chancellor also

stated that if there was anything to be screwed out of the Japanese, there was a long list of stronger claimants than pre-war owners of Japanese bonds. Feeling in the market was that if all ex-enemy bonds are to be treated so cavalierly by the Government, confidence in the market for bonds of foreign nations would be destroyed. How were investors to tell which nation might become "ex-enemy"

one day?

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## FINANCIAL TIMES

Wednesday February 28 1996

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320-mile line in Florida will link Disneyworld

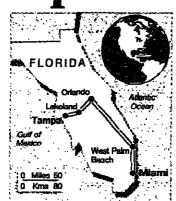
## Private sector to build US high-speed railway

The state of Florida has chosen a private sector partnership to build and operate the first high-speed railway system in the US at a cost of \$4.8bn.

The 320-mile railway, based on France's 200mpo train à grande vitesse, will link the state's three largest cities and provide a new way of reaching Disneyworld in Orlando and other big tourist

The first stretch, between Miami and Orlando, is due to open in 2004. Travel time for the 224-mile journey will be 1hr 25mins. The second stretch, 95 miles between Orlando and Tampa, is due to open two years

Main partners in the consortium are Fluor Daniel, the biggest US construction company; GEC Alsthom, the Anglo-French developer of the TGV train; Bombardier, North America's biggest supplier of passenger rail cars; and Odebrecht Contractors of Florida, part of Brazil's Ode-brecht Group.



The partners have formed a consortium called Florida Overland Express (Fox). It beat four other private sector groups to win a 40-year franchise to build and operate the system, after which it will revert to the state.

The consortium plans to finance the construction with bonds to be repaid by ticket sales. It has also formed an unusual partnership with the public sector under which the state will invest at least \$70m a year in the project for 25 years in

return for the right to assume ownership on the expiry of the

The Florida authorities said a one-way Miami-Orlando fare would be \$54 economy, or \$108 first class, at today's prices.

Although yesterday's announcement appeared to mark a firm go-ahead for the project, it faces several uncertainties. One of the biggest will be a choice of route: the consortium said the railway would use a new, dedicated right-of-way, but only 65 per cent of the new route would follow the path of existing lines.

One problem faced by any rail project in the US is that rail is rarely used for passenger transport. People use the roads for short-to-middle distance journeys, and over longer distances,

Previously, a private sector consortium planned to build a TGV-style railway in Texas. The consortium had a franchise from the state government and a

## IBM ends PC investment in Russia due to tax changes

By John Thomhill in Moscow

International Business Machines is ending personal computer production in Russia, blaming changes in the country's tax regime for undermining the economic rationale for manufacturing computers there rather than importing them.

Other western computer manufacturers are also complaining that tax breaks granted to Russian trading groups with connections in the Kremlin have undermined the local market's price structure.

The decision is a serious setback to Russia's attempts to attract foreign investment and reflects the unpredictable business conditions that still bedevil many sectors of the economy. The concessions to Russian trading organisations have imbalances appeared to have

Copyright

Continued from Page 1

enabled some favoured dealers to sell imported computers free of tariffs and taxes, which normally amount to 21.5 per cent of the selling price.

"Some dealers have a way of getting computers into the country with reduced duties which few reputable companies can do. We are constantly up against them." said a sales executive at another western computer company.

Mr Alexei Yeliseyev, IBM project manager, said Russia's parlia-ment had stripped IBM of previous exemptions allowing it to import components and manufacturing equipment free of tax, while Moscow authorities had failed to deliver on promises to buy up to 100,000 IBM computers. He said appeals to government ministers to help redress the tax

been ignored. "My conviction is that Russia will only develop its industry if it creates a system of laws to support foreign investors companies like IBM," he said.

IBM started producing personal computers at the Kvant plant in Zelenograd near Moscow in 1993. believing it would give it a significant cost advantage over imported products. The US company invested about \$2m in equipment and training to enable one of Russia's leading computer manufacturers to produce IBMcomputers from imported components.

in total, the plant manufactured 40,000 computers. Mr Yeliseyev said the decision to stop manufacturing IBM computers would result in some job losses among the plant's highly quali-

## fied employees.

\$500m a year. The Japanese authorities had refused to rewrite their copyright rules, claiming the decision to extend copyright protection only as far back as 1971 was approved by the countries concerned.

However, after meeting President Bill Clinton, Mr Ryutaro Hashimoto, the Japanese prime minister, issued a surprise statement saying that Japan would bring its rules into line with western countries.

Europe today

High pressure just west of Ireland will bring dry conditions with sunny spells to the British Isles. An old front will stall over central France, the Benelux and northern Germany, giving cloud with occasional light rain or drizzle. The Alps and eastern Europe will be dry and generally sunny. An active disturbance over northern Spain will cause cloud and rainy spells from Portugal to central Spain. Northern Africa and southern Italy will have showers, some with thunder, and there will be strong gusty winds on Sardinia. Northern Italy will remain dry and sunny. A mixture of sun and cloud is expected in

Greece and Turkey, but rain will spread across western Greece this evening.

The British Isles will remain dry and sunny. Southern Scandinavia will have snow tomorrow. More rain is expected in Portugal and western Spain. Heavy rain will

accompany a low pressure system as it sweeps across southern Italy tomorrow and

into Greece on Friday. Central and eastern

Europe will be generally dry. The Alps, the Czech Republic and Poland will have light

Five-day forecast

snow on Friday.

Abu Dhabi Actra Algiers Amsterdam Athens Atlanta B. Aires B.ham Bangkok Barcelona

**TODAY'S TEMPERATURES** 

## US West agrees merger

which is currently in negotia-tions with Mr Rupert Murdoch's News Corporation, which is eager to enter the DBS market in the

Mr Lillis said although there was no direct link between yesterday's events and the legal wrangle between US West and Time Warner Entertainment close personal connections between Continental and the Time Warner would help in the search for a solution.

The conflict is focused on Time Warner's planned takeover of Turner Broadcast System - in which Continental also has a stake - which US West claims contravenes the terms under which it bought its Time Warner

holding in 1993. US West, renowned for its aggressive efforts to rid itself of a reputation as the Baby Bell least likely to prosper in a deregulated communications market, claims Time Warner's restructuring plans would dilute its influence in the cable arm.

# Rise in US consumer of rates cut

By Michael Prowse

Dow Jones Industrial Average was down 37.21 at 5,527.89 following a sharp fall on Monday.

said retail sales fell 0.3 per cent last month, largely reflecting weakness in car sales. However, given the harsh winter storms, financial markets

0.5 per cent. Sales data for December were revised substantially to show an increase of 0.6 per cent from

The figures showed "pessimism on the consumer was overdone at the end of last year," said Mr Jim O' Sullivan, an economist at J.P.

above the average of the fourth

cially depressed by severe winter weather and other distortions.

against 88.4 in January, almost regaining the 99.2 level registered in December. Confidence readings close to 100 typically signal

In a separate report, the Labour Department said that producer prices for finished goods rose 0.3 per cent last

The increase followed substantial price gains in November and December. However, as the price gains were concentrated in the energy sector, it was not seen as signalling a rise in underlying inflationary pressures.

Excluding food and energy, "core" producer prices fell 0.1 per cent last month.

would be eased. The Commerce Department

November, rather than 0.3 per cent as previously reported.

Morgan, the New York bank. He said that, excluding cars, sales in January were running at a 2.8 per cent annualised rate

quarter. The Conference Board, a New York business analysis group, said its index of consumer confidence rebounded sharply this month, suggesting economic data last month may have been artifi-

Its confidence index rose to 97

solid economic growth.

The drop in confidence in January reflected "one-time circumstances - the blizzard, the government shutdown, the many lay-off announcements - rather than a signal from consumers that severe economic hardship was on the way," the board said.

year to January.

Yesterday's figures follow a series of statistics pointing to a

# confidence hits hopes

Better than expected retail sales figures and a strong rebound in consumer confidence yesterday dented hopes in financial markets that the Federal Reserve would cut interest rates in the near future.

Shortly before the close, the

Prices of shorter-dated bonds also retreated, reflecting fading hopes that monetary policy

had expected a decline of about

month and by 2.3 per cent in the

sharp deceleration in economic growth. However, some Wall Street economists now expect a

## THE LEX COLUMN Wild US West

This month's US telecommunications bill has produced the first in a proba-ble flurry of mega-deals. As telephone companies are allowed into cable television and vice-versa, consolidation of the communications industry is inevitable. That said, US West's \$10.8bn acquisition of Continental Cablevision is a massive bet that a particular technology, cable TV, will be the winner in the coming competition. The aggressive Baby Bell has seemingly given little thought to alternative technologies such as digital satellite and "wireless cable". Though they may not enjoy the full interactive capabilities of fixed cable TV, they are certainly vastly cheaper to deploy.

The \$10.8bn price works out at \$2,570 per home – nearly a third more than the equivalent value for Tele-Communications Inc (TCI), the largest US cable group. True, Continental Cablevision owns assets other than its US cable properties. But so does TCL Moreover, US West is paying a pricey 11 times predicted 1996 operating cash

Nor will this be the end of US West's investment splurge. Further billions will be needed to upgrade Continental's networks to carry telephone traffic. US West could also end up increasing its stake in Time Warner's cable properties, which are nearly three times the size of Continental's. If Time Warner can squeeze the same valuation multiple that Continental has secured, it will be mad not to sell.

#### Chargeurs

Shareholder value is catching on in some unexpected places – even France. And if Chargeurs' proposed demerger starts a trend, patient shareholders in France's sprawling holding companies will have plenty to be grateful for.

This demerger looks a classic of its kind. There never was any industrial logic in putting together wool processing with satellite television, and separating the two should have powerful financial logic as well. Chargeurs' FFT9bn market capitalisation is accounted for by its 17 per cent stake in BSkyB alone; even after subtracting Chargeurs' debts, the value of the demerged businesses should be comfortably above that. There is much which is lousy, but there are some minor jewels as well. Chargeurs' 20 per cent stake in CanalSatellite is one Its 50 per cent stake in Renn Productions, which makes some of France's few popular films, is another.



But breaking Chargeurs into two bits needs to be the beginning, not the end, of the refocusing process. Even after the demerger, the non-media side of the business - which processes wool, transports cars and makes pro-tective film - will still be a rag-bag. Nor is there much logic behind the make-up of the media business - there is little synergy between Libération, the Pathé cinema chain, and minority stakes in BSkyB and CanalSatellite. Mr Jérôme Seydoux, who is to run the new company, needs to show that he has future plans which stack up. Otherwise, his new baby will look suspiciously like a personal plaything.

#### Trafalgar House

Kvaerner has become the patron saint of distressed British construction and engineering companies. Fresh from its feat of re-rating shares in Amec, where its bid was considered too mean, the Norwegian group has now gone for the even greater challenge of Trafalgar House.

At first sight, it is hard to see why it should be interested. Not only has Trafalgar become a substantial lossmaker with distant recovery prospects; it also owns a bundle of noncore businesses from property to a troubled cruise line. But Trafalgar has some appeal. Its mountain of losses mean Kværner could build up a substantial UK business without paying tax. The Norwegian company's shipbuilding business gives it some expertise in the luxury shipping market, and it certainly knows all the poten-tial buyers. Meanwhile, Trafalgar's engineering problems have centred on three issues - the Emerald Producer

oil platform, its French Sofresid subsidiary and a disastrous power plantcontract - that are now either cleared out or cured.

That said, Kvaerner is unlikely to offer much more than the current share price. It will also have to per-suade Hongkong Land to part with its 26 per cent stake. Even after yesterday's rise, HKL would be taking a £100m loss on its disastrous three-year investment. Nonetheless, with its growing interest in Hong Kong property, HKL is more likely to want in wash its hands of this UK irritant Besides, the £100m hit is little more than its attributable share of last year's Trafalgar losses.

#### Australia

The jitteriness in Australia's finan cial markets ahead of Saturday's federal election is understandable enough. Opinion polls may have invariably given the conservative. Liberal-National coalition a lead. But with a significant number of voters yet to make their final decisions and the Labor party only two percentage points behind in some polls, the race is still open.

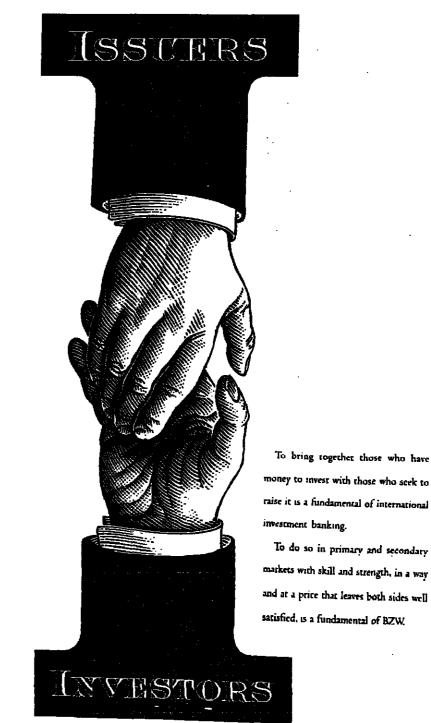
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Nevertheless, those who hope a coalition victory will work wonders for the stock market are probably getting over-excited. An immediate rally may occur, given the coalition parties traditional pro-business stance. But that could quickly be reversed by concerns that wages will rise unless the coalition and the powerful union movement can reach a modus vibendi. Similarly, the coalition's generous public spending promises – over A\$6bn (US\$4.5bn) during the three year parliamentary term - could come back to haunt the market since they are based on old budgetary forecasts' that now look over-optimistic.

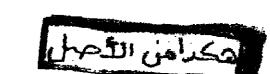
Investors betting on a coalition win would do better to concentrate on sectors where the specific policy change are in view. Media stocks are a good example, given that the coalition has pledged to review rules that restrict foreign ownership and prevent cross ownership of metropolitan newspapers and television stations in the same market. It can surely be no coincidence that Mr Conrad Black, the Canadian media magnate currently unable to increase his 25 per cent stake in the John Fairfax newspaper group, will be in town for election night. Additional Lex comment on

UK gaming and Barclays, Page 20



INVESTMENT BANKING. FROM





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## **Bremer Vulkan** cash 'all gone'

Mr Hero Brahms, head of the supervisory board of Bremer Vulkan, the troubled German shipbuilder, confirmed that a DM854m (\$581m) investment package originally earmarked for Bremer Vulkan's two east German shipyards had "all gone". The group, Germany's largest shipbuilder, last week applied for protection from its creditors. Page 14

Océ-van der Grinten expects strong year Océ-van der Grinten, the Dutch photocopier and office products group, said strong demand for its new products in 1995 created an excellent starting position for the company to post a further improvement in results in 1996. It reported a 20 per cent rise in 1995 net profit to FI 108.2m (\$65m), on sales up 6 per cent at Fi 2.93bn. Page 14

Skoda Pizen to take stake in Tatra Skoda Plzen, the Czech engineering group, said it had agreed to take a 43.5 per cent stake in the ailing truckmaker Tatra, signalling another big step in the rationalisation of the country's troubled truck

Nordic steel groups rise sharply SSAB of Sweden and Finland's Rautaruukki, the Nordic region's two leading steel groups, showed big profit increases in 1995, but warned of tougher market conditions this year. Page 14

AT&T to introduce internet access service AT&T is aiming to persuade many of its 80m US long-distance telephone customers to sign up for a new Internet access service by offering it free for the first 12 months. Its move poses a big threat to existing service providers, according to analysts. Page 16

Slow markets pull Matsushita down 23% Matsushita Electric Industrial, the world's largest consumer electronics company, said the weak Japanese market and a slowdown in the US and Europe. plus the sale of its US movie business, contributed to a 23 per cent decline in third-quarter profits to Y70.1bn (\$672m) compared with the same period last year. Sales slipped back 2 per cent to Y1,829.7bn.

UK insurer turns back on price cutting General Accident became the first large insurer to attempt to reverse fierce price cutting in UK private motor insurance. It announced rises averaging 4 per cent from April. Page 19

Barclays rises and buys back 40m shares Barclays Bank spent £306m (\$471m) to buy back 40m of its shares on the strength of a 12 per cent rise in pre-tax profits to £2.08bn. The UK clearing bank paid 765p a share, reducing its capital by about 2.5 per cent. Page 20

Analysts see fresh assault on sliver price late the price of silver above \$6 a troy ounce last year were biding their time for another push upwards, analysts suggest. However, CPM, the New York-based consultancy organisation, predicted silver would average \$5.86 an ounce in 1996, up from \$5.20 last year. Page 21

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St Jon Page	59%		3%	Hino Motors	755	:	36
State raps	3074	_	-312	Kitdenman	748	2	49
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Computer Assoc	69%		2%	Mitsul Solo	257	Ξ	37
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## **COMPANIES & MARKETS**

Wednesday February 28 1996

## Chargeurs to split into two quoted units

Chargeurs, the French media and textiles group, yesterday announced its intention to split into two separate quoted companies, in what is believed to be the first example in France of a large

Pathé, headed by Mr Jérôme Seydoux, the existing chairman and largest shareholder, will take control of the group's television, cinema and press interests, and Chargeurs International, led by Mr Eduoardo Malone, the current demity chairman, will run its textile and distribution businesses. Chargeurs said the move would allow the two companies to con-

centrate better on the challenges

in their market sectors, to use

French media and textile group plans demerger to concentrate better on its diverse businesses

stake in clearly defined sectors. It added that it would open the possibility of new partnerships.

Mr Jean-Pierre Valais, head of communication, said: "People had difficulty in understanding Chargeurs. This is a response to

two very different sectors in

existing staff more effectively

and to allow investors a direct

Before the suspension of the group's shares in Paris vesterday morning ahead of the announcement, Chargeurs was trading at a discount of about 40 per cent to the value of its assets, giving it a

market capitalisation of just over FFr9bn (\$1.8bn). Analysts said yesterday the demerger could lead to a large reduction in the discount, and suggested a valua-tion of up to FFr10bn for the media arm and FFr4bn-FFr5bn for the textiles unit.

Chargeurs gave no indication of how its debt - FFr4bn in 1994 as well as its headquarters and liquid investments would be split between the companies. It said the deal had been approved by the French tax authorities and should be fiscally neutral. The group also posted prelimi-

It said it was preparing threeyear pro-forma historical accounts for the two companies in accordance with stock market regulations, which should be released in April ahead of a vote on the demerger by shareholders at the annual meeting in June.

compared with profits of

FFr334m in 1994, on a turnover of

FFr11.7bn. The loss included write-offs of FFr140m on its stake

in Libéeration, the daily newspa-

per, FFr188m on cinema produc-

Pathé acquisitions.

tion and FFr334m related to its

Shareholders will be given one share in each company for each of their current shares.

Chargeurs International will include the group's wool trading and processing businesses, fabrics and linings operations, Walon distribution company and Novacel adhesive film maker. Pathé will include the group's 17 per cent stake in BSkyB, the

UK satellite TV group; 20 per cent of CanalSatellite, which is controlled by Canal Plus, the French pay television company; and its control of the Pathe tel vision and film production and distribution group; as well as Liberation. It denied rumours circulating yesterday that it was planning to sell its BSkyB stake. Lex, Page 12

## **Potential** Fokker saviour pulls out

By Ronald van de Krol in The Hague and Robert Gibbens in Montreal

Bombardier, the Canadian aerospace company, yesterday withdrew as a candidate for rescuing Fokker, the near-bankrupt Dutch airplane maker.

Fokker's future now lies either in the hands of a second potential bidder, Samsung of South Korea, or in its taking a "standalone" role in slimmed-down form, with financial support from Dutch banks and Dutch companies. Mr Hans Wijers, the Dutch economic affairs minister, said Samsung might be interested in Fokker under certain conditions. He said he expected the South Korean company's position to become clearer in the

next few days.

Mr Michel Lord, vice-president of communications at Bombardier, said its talks had not reached the stage of discussing financial support for a Fokker rescue with the Dutch government. "We evaluated the [Fokker] 50, 70 and 100 programmes very carefully and decided not to make an offer. There was no

Bombardier offer on the table." He added: "We would hope to co-operate fully with any successor company and continue as a supplier on satisfactory terms through Shorts." Bombardier's Shorts Brothers subsidiary in Northern Ireland makes wings for the Fokker 70 and 100 air-

craft Fokker's administrators. appointed after the company sought protection from creditors in January, have asked the economics ministry for additional bridging credit to keep the com-pany afloat while it sorts out its future.

Mr Wijers said the government might be prepared to put up a further Fl 25m-Fl 30m (\$15m-\$18m) to tide the company over for a week or two. In January, than FI 250m to allow Fokker to continue operations for five more weeks.

Mr Wijers also confirmed that Mr Harry Langman, a former minister of economic affairs and former head of ABN Bank, was canvassing opinion among finan-ciers and industrialists in the Netherlands regarding the possibility of an all-Dutch rescue for Fokker.

Mr Wijers made clear that the state could not be expected to take the financial lead in such a rescue. "Stand-alone must not mean state-alone," he said.

## Sabena appoints Swissair director as chief executive

Emma Tucker

Sabena, the Belgian airline that is 49.5 per cent owned by Swissair, yesterday appointed a Swiss chief executive, after months of clashes between management and the unions forced the resignation of Mr Pierre Godfroid.

Mr Paul Reutlinger, an executive vice-president of Swissair, hopes to draw a line under the industrial strife that has crippled the airline since November by establishing a new management and negotiating structure. The appointment of a Swiss to

head the troubled company, still majority owned by the Belgian government, indicates Swissair's determination to strengthen its grip on the airline.

Strike action and the inability of the government to step in and resolve the disputes had led to

The extent of Sabena's difficulties was underlined by the announcement yesterday of fullyear results. The group posted a BFr530m (£17.3m) consolidated loss for last year, compared with s of BFr1.2bn in 1994. Sabena said its non-consolidated loss for last year was BFr895m compared with a 1994 loss of BFr1.4hn

Last year's result included an operating profit of BFr3m, generated despite almost 30 days of industrial disruption at Brussels' Zaventem airport, the result of strikes by air traffic controllers, firemen and Sabena's own staff. Swissair's shares closed down SFr7 at SFr1.083.

The Swiss group paid BFr6.5bn for its 49.5 per cent stake in Sabena last summer, with an option to increase this to 62.25 per cent after 2000.

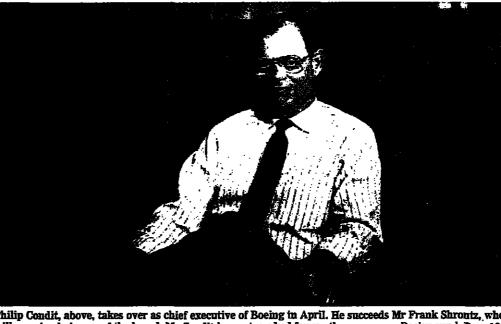
Sabena also announced the interim appointment of two Belgians as chairman and vice-chairman of the board. Mr Jan Huygh-ebaert, a board member of Sabena and chairman of Almanij, the holding company which owns Kredietbank, takes over as chairman. He will be joined by Mr Philippe Suinen - currently the chef de cabinet for Mr Elio di Rupo, the Belgian deputy prime minister - as vice-chairman.

"I hope now that the parties return rapidly to the table to finalise the social agreement which Sabena so badly needs if it is to reestablish economic equilib-rium," said Mr Michel Daerden, the Belgian transport minister. Mr Godfroid confirmed his res-

that an impasse had been reached between management and unions over cost-cutting plans aimed at returning the airline to profitability. He was a harsh critic of Bel-

gium's costly social security structure and at one time threatened to relocate Sabena's pilots to Luxembourg in order to avoid high employee contributions and expensive staff agreements. The strategic involvement of Swissair was seen by the Belgian

government as crucial in rescuing the airline from bankruptcy. It had already benefited from state aid and further government assistance was more or less out



Philip Condit, above, takes over as chief executive of Boeing in April. He succeeds Mr Frank Shrontz, who will remain chairman of the board. Mr Condit has not worked for another company. Background, Page 16

## Orange to aim for market capitalisation of up to £2.4bn

months in the expectation that

the flotation would deliver big

profits on their initial investment

Bankers involved in the share

By Hugo Dixon

Orange, the UK mobile phone group, will today announce that it is aiming for a market capitalisation of about £2.2bn-£2.4bn (\$3.4bu-\$3.7bn) in its forthcoming flotation. That is about 20 per cent less than the £2.8bn-£3bn that stockbrokers involved in the share sale have been valuing the company at in recent research

The lower figure may be somewhat disappointing for shareholders in Hong Kong's Hutchison Whampoa and British Aerospace, which own Orange

Both groups' share prices have risen sharply in the past few

in Orange

sale deny that the reduced valuation range is related to recent decisions by rival UK mobile tele phone companies Vodafone and Cellnet to cut tariffs in order to compete more vigorously with They say the lower figure is

designed to ensure that the flotation is a success, with new investors enjoying the prospect that the shares will rise after the

the worldwide enthusiasm .for

Another reason is that some of

agreed at the end of last year. Bankers also point out that Hutchison and BAe will still own about 75 per cent of Orange's equity following the float. That will allow them to partici-

technology stocks has evaporated

since Orange's share sale was

pate in any subsequent rise in the share price. Meanwhile, the £600m or so proceeds from the share sale will be used to repay shareholder loans to Hutchison and BAe - giving an immediate lift to their cash flow.

The precise price of Orange's new shares will be determined following a "bookbuilding" process, which starts today with the publication of its prospectus.

## **Barry Riley**

## Why bonds reign supreme for German investors

The Dutch comparison is espe-cially interesting here because it

shows that the German stock

market's problems have nothing much to do with the hardness of

the currency or the toughness of the Bundesbank. The guilder has

been glued to the D-mark over

the past decade so the under-

performance of German equities

Since 1960, the

picture in the

UK has been

different

must be otherwise explained: for example, by the drawbacks for shareholders of the German

approach to corporate gover-

nance and, perhaps, by the high weighting of old-fashioned and

vulnerable manufacturing indus-

try in the German stock market.

Helpfully, BZW has also produced a parallel equity-bond

study for the Dutch securities

markets. It shows that over the

post-war period the real returns

on bonds and equities have been

very similar to those in the UK.

Since 1960, Dutch government

bonds have returned 3.1 per cent

a year in real terms and equities

In 1995, the gap between bond

and equity returns in the Nether-

lands was much less than in Ger-



have been heavily involved in the latest global bond market correction, with the yield on bunds 10-year umping more

month. But in the long run, bunds have been reliable investments - and much better for a "buy and hold" strategy than German equities, as Barclays de Zoete Wedd's newly-published German Equity-Bond Study 1996 Apart from the 1950s, when

German equities performed strongly during the Wirtschaft-swunder period of 8 per cent annual economic growth, bonds have outperformed. That was reemphasised in 1995, when the total return on bunds beat that on equities by 11.4 per cent.

Since 1960, more or less coinciding with the reign of the Bundesbank, government bonds have returned 3.7 per cent a year in real terms, but equities only 2.3 per cent (although equities have done better since 1980).

During the same period, the UK picture has been different, The real return on equities has been 8.7 per cent, vastly greater than that on German equities and much higher than the modest real return of 2.5 per cent on UK government bonds.

The German stock market does, of course, have a reputation as a place largely shunned by domestic investors, except banks and corporates with interlocking stakes, and as something of a graveyard for the recurrent hopes of foreigners. In the past 10 vears, the average annual return

(nominal, in dollars) on German per cent ahead. The industrial equities has been 10.5 per cent spread in the Dutch market was against 14.9 per cent in the US, 15.9 per cent in the UK and as more helpful and there has been a lot of rationalisation, especially much as 18.6 per cent in the in the financial sector.

A fundamental difference in the Netherlands is the presence of substantial pension funds which are active investors in equities (although not as committed as their UK counterparts). In Germany, on the other hand,

the absence of big domestic institutional investors in the stock market is a subject for official concern. There is a chicken-andegg problem here: unless German institutions see a good return they will not be attracted to German equities, but at the same time, German companies will not give shareholders a better deal until there are powerful domestic voices demanding action (though US pension funds have been having a degree of influence).
There have been measures by

the German government to pro-mote the stock market, notably the passage of the Financial Market Promotion Act. Big companies have begun to adopt international accounting and disclosure standards - with even Deutsche Bank due to adopt international standards next month.

However, the difficulties of core German industrial enterprises ranging from Daimler-Benz and AEG to the latest trouble spot, Bremer Vulkan, emphasise the cultural adjustments that still have to be made.

The stakeholder philosophy has served the German economy as a whole (if not shareholders well. But maintaining an elaborate balance of multiple vested interests may not be the best way to achieve a radical transition to many - with bonds only about 1 a post-industrial society.

Congratulations to the employee shareholders of Greater Manchester Buses South on their successful sale to Stagecoach plc Equity funding for the £25 million employee buy-out

in March 1994

was led and arranged by

**NatWest Ventures** in conjunction with

**HSBC Private Equity** 

NWA! NATWEST VENTURES

**EUROPEAN NEWS DIGEST** 

Swiss financier to

back UBS board

Mr Stephan Schmidheiny, the Swiss financier who has just

registered shares, will vote the shares in support of the bank's

bought SFr253m (\$214.6m) of Union Bank of Switzerland

board at the April 16 AGM. The revelation, by Mr Jacques

Kaegi, an associate of Mr Schmidheiny, may make it more

muster a majority of votes against the board's proposals.

difficult for the maverick Zurich broker Mr Martin Ebner to

Meanwhile, Mr Ebner's BK Vision investment fund, which is

the largest UBS shareholder, confirmed it would not put up an

alternative candidate to Mr Robert Studer as the bank's new

Mr Kaegi also confirmed Mr Schmidheiny had bought his

registered shares from BK Vision. It is not surprising that BK

would be willing to sell: it held 4.4m shares at last report, but

under UBS statutes is only entitled to vote 1.1m, 5 per cent of

those issued. However, observers are surprised that Mr Ebner would sell 923,200 shares to Mr Schmidheiny if he knew the

Ian Rodger, Zurich

financier would vote the shares in support of the board.

## INTERNATIONAL COMPANIES AND FINANCE

## Bremer Vulkan admits investment cash 'all gone'

By Judy Dempsey in Bremen

Mr Hero Brahms, head of the supervisory board of Bremer Vulkan, the troubled German shipyard, yesterday confirmed that a DMB54m (\$590m) investment package originally earmarked for Bremer Vulkan's two east German shipyards had "all gone". The group, Germany's largest shipbuilder, last week applied for protection from its creditors.

He said the money, backed by state guarantees, had been placed by Bremer Vulkan in a cash management fund with minimal control exercised by the supervisory board or the BvS, the successor to the Treuhand privatisation agency.

The Treuhand, which had sold the east German shipyards to Bremer Vulkan in late 1992, was supposed to have monitored the dispersal of

"I could not have imagined how so much money could have been spent so quickly. said Mr Brahms, appointed head of Bremer Vulkan's supervisory board last December after Mr Friedrich Hennemann was ousted as chairman.

Most of the DM854m had been spent propping up loss-making divisions and on other projects, according to Mr Udo Wagner, the company's new chairman. Group losses for last



Rough seas: Udo Wagner (left) and Jobst Wellensiek answer questions in front of Vulkan's main plant in Bremen yesterday

Bremer Vulkan's most immediate cash-crisis was alleviated months, was "peanuts". when a consortium of banks yesterday agreed to provide

The banks, which are already owed DM1.4bn by Bre-DM60m of additional capital. mer Vulkan, yesterday agreed intended to stave off bank-But company officials admitted to the cash injection after hold-ruptcy by reducing and re-

the support, spread over two ing talks with Mr Jobst Wellensiek and Mr Wolfgang van Betteray, the lawyers overseeing the Vergleich, the procedure

scheduling a company's debts. The DM60m will be used to pay suppliers and complete some projects. The employment office has allocated a further DM80m to pay wages.

COMPANY PROFILE:

two months would be crucial as Bremer Vulkan's management attempted to draw up a re-structuring plan aimed at saving as many of the 23,000 jobs as possible.

Already, there are signs that the Bremer Vulkan holding company will be broken up, with its shipbuilding division remaining as before.

STN Atlas Elektronik, one of the company's few profitable divisions, has already been hived off. The banks last week granted it a fresh credit line of

In contrast, Dorries Scharmann, the machine construction division, could face bankruptcy. Mr Wagner yesterday said its losses for this year would be "very high". Its losses for 1995 exceed DM220m.

The future of Bremer Vulkan's two east German shipyards is still unclear. Yesterday, the government of Mecklenburg-Vorpommern, where the yards are located. suggested they could be privatised again, even though the Trenhand had already invested more than DM1.2bn of taxpavers' money into these ship-

"The east German yards need western know-how if they are to become productive and competitive," said Mr Brahms.
"It would be hard to see them standing independently."

Turnover

## Production boost lifts Saga

Saga Petroleum, Norway's largest independent oil company, said higher production belped it achieve a 66 per cent increase in 1995 pre-tax profits, from NKr1.21bn to NKr2.01bn (\$317.2m): Operating profits rose from NKr1.52bn to NKr1.86bn, and the dividend was lifted to NKr2.50 a share from NKr2.

The company, listed on the New York Stock Exchange last

vear, said its oil output rose from 108,600 barrels a day in 1994 to 117,500 b/d, while total annual oil sales climbed from 34.4m. barrels to 39.2m. Average oil prices eased from NKr110 a barrel to NKr108. The company's reserves at year-end stood at 1.13bn barrels, up 102m barrels over the year. The shares closed unchanged at NKr77. Christopher Brown-Humes, Stockhob

#### Havtor saves Bergesen

Bergesen, Norway's biggest shipping company, nearly doubled pre-tax profits from NKr258m to NKr502m last year, after its NKr4hn purchase of the Havtor gas shipping group helped offset the impact of weak tanker markets. Operating profits jumped from NKr16m to NKr279m - Bergesen acknowledged it would have made a loss without Havtor and without a change in depreciation rules for its liquefied petroleum gas carrier fleet. Havtor has been included in its accounts from January 1995, and pro-forma figures given for 1994.

Bergesen said tankers incurred a NKr224m loss, down from a NKr281m deficit a year earlier. But gas shipping lifted profits from NKr202m to NKr421m, and dry bulk profits moved up from NKr55m to NKr70m. The group forecast similar operating profits this year. It said higher contract rates for its big LPG carriers would be offset by slightly weaker results for its dry cargo fleet. Tankers, meanwhile, could expect another weak

## Cerus report hoists Valeo shares

Shares in Valeo, the leading French car component maker, rose yesterday on reports that Mr Carlo De Benedetti, the Italian industrialist, would sell the 28 per cent stake in the company which he holds through his French group Cerus. Cerus, which has consolidated debts of around FFr2bn (\$401.1m), insisted it had not taken a decision about the future of its stake in Valeo. The car parts maker last year made net profits of FFr1.01bn. Valeo shares closed up FFr13.50 at

Cerus has already asked its banks to review its operations. Market rumours have been gathering strength in Italy that the De Benedetti family would make a disposal to reduce the L700bn debts of Cir. the main industrial holding company, which controls 49 per cent of Cerus. Cir's shares closed L14.4 higher at L864.

Cir postponed a rights issue last year and analysts say cashflow from its subsidiaries is not sufficient to service the debt. Mr Gianluca Codagnone, of Milan securities house Aloisio Foglia Ventura, said Cir "had to make a strategic choice. It clearly lacks the resources to carry out all its John Simkins, Milan

New Gemina board named Shareholders of Gemina, the troubled Italian investment company controlled by Fiat, Mediobanca and corporate allies, have elected a new five-man board. It includes only Mr Manfredo Manfredi from the board which stepped down last week. Mr Giorgio Rossi, a former head of chemicals group Sma Fibre, becomes chairman: Mr Paolo Sabatini, who has held a number of roles within Fiat, will be managing director. Mr Piero Schlesinger, ex-chairman of the Banca Popolare di Milano, becomes secretary to the board. Gemina also appointed Ernst & Young as auditor, replacing Coopers & Lybrand, which was banned last month by Consob, the stock

Orkia, the Nordic region's biggest food and drinks producer, reported a 22 per cent increase in 1995 pre-tax profits from NKr1.57bn to NKr1.93bn. The figures include first-time contributions from food businesses acquired from Volvo of Sweden last year, and from Orkla's Pripps-Ringnes beverage to NKr1.74bn.

A NKr219m gain on the sale of the group's Polish beverages restructuring charge for Abba Seafood, one of Volvo's food businesses, and a NKr80m provision linked to Coca-Cola's still discussing alternatives for future co-operation. Procordia Food and Abba Seafood, Volvo's food businesses, were

Christopher Brown-Humes

Banco Ambrosiano Veneto, the Italian bank, raised net profits 22 per cent to L160bn in 1995. It said it would increase

## Océ upbeat after 20% earnings rise

By Ronald van de Krol in Amsterdam

Océ-van der Grinten, the Dutch photocopier and office products group, said strong demand for its new products in 1995 cre-ated an "excellent" starting position for the company to post a further improvement in results in 1996.

As expected, the company yesterday unveiled a 20 per cent rise in 1995 net profit to Fl 108.3m (\$66.8m), on sales up 6 per cent at Fl 2.93bn. The results, which cover the financial year ended 30 November, were in line with provisional figures released in January. Océ said its annual dividend

would be raised from F1 2.25 to

Mr Harry Pennings, executive-board chairman, said the main factor behind the rise

five machines, the largest number of new products introduced in any year in the company's

Yesterday Oce also presented its Eurocolour copier/printer, developed at a cost of Fl 240m over 10 years. Mr Pennings said the copier was capable of making 25 colour copies a minute, compared with the seven to eight copies achieved by existing colour copiers made by other manufacturers.

Buoyant demand in 1995 for the other new machines enabled Oce to counteract the negative effects of the strong guilder. Mr Pennings said 1995 turnover would have risen 12 per cent, rather than 6 per cent, if exchange rates had been unchanged. About 50 per cent of sales were in countries whose currencies declined by

was the successful launch of 10 per cent against the guilder the US, the UK, Italy, Spain and Australia.

Referring to the company's 1996 profit forecast, Mr Pennines said: "We make a reservation in particular for the consequences of any further negative foreign exchange rate Another reason for the com-

pany's confidence about 1996 was the agreement in princinle. reached on Monday, to acquire Siemens Nixdorf's printing systems business for F1900m. It expected earnings per share to rise 10 per cent as result of the purchase. A share issue representing 20

per cent of the company's existing ordinary share capital would raise about Fl 400m. A separate issue of a new class of shares – cumulative preference shares aimed at institutional

AMÉRICAS '96

investors - would generate a further Fl 100m to Fl 150m. The rest of the purchase price will be financed by bank loans or a bond issue.

Fourth quarter sales rose 14 per cent year-on-year and would have been up 19 per cent without exchange rate changes. Engineering systems sales expanded 21 per cent up 27 per cent excluding exchange rates - and office systems sales were up 9 per cent or 13 per cent. Fourth quarter operating

profit rose to Fl 69.6m from Fl 53m a year earlier. Net profit was up 28 per cent and amounted to 4.4 per cent of sales compared with 3.9 per cent a year earlier.

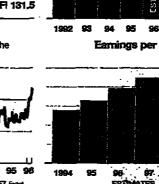
Fourth quarter cash flow was almost Fl 101m guilders, from almost Fl 91m last time,

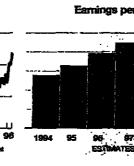
#### Main listing Historic P/E 20.7 Earnings per share

Market capitalisation \$1.276bn

Océ-yan der Grinten







## Fifth Annual Meeting

INVESTING IN THE AMERICAS '96

VENUE: The Sheraton Bal Harbour Resort in exclusive Bal Harbour, Florida-equidistant from the international

airports at Miami and Fort Lauderdale. DATES: April 22-25, 1996.

REGISTRATION: Registration includes: attendance during the 4 days of the Conference, coffee breaks, luncheons, cocktail receptions, simultaneous translation equipment and

Anual a copy of the official Conference publication, The Mining

INVIRTIENDO EN LAS Ouinta Reunion

indicated are as follows:

Before April 1, 1996 ......US \$795.00

Barclays Metals Group **Barings Securities** Barrick Gold Corporation Battle Mountain Gold Company Billiton

Bema Gold Corporation

Guide to Latin America. The registration fee for payments received by the dates

After April 1, 1996 ......US \$995.00 In order for the respective fee to apply, payment must be received by the date indicated-no exceptions.

## Some of the Featured Presentations:

**Bunting Warburg** Cambior Inc. Canyon Resources Corporation Companhia Vale do Rio Doce -CVRD Echo Bay Mines Falconbridge

Gencor Inmet Mining Corporation Nebitt Burns Teck Corporation TVX Gold Inc. Westmin Yorkton Securites

## PROGRAM HIGHLIGHTS

- Will Latin America Continue to receive the largest amount of exploration expenditures of any major
- Is Brazil at a Crossroads for Mining? Why are more and more exploration expenditures
- directed to base metals and diamonds? Will Mercosur open more opportunities for joint
- ventures and mergers and acquisitions across Why is there continuing to be withdrawal of
- extensive tracts of land from exploration and
- How to rank project risk...mineral potential, country, company, opportunity, property, and the
- How important should a country's mining heritage

be to a foreign investor?

- ♦ Is there a best way to manage Strategic Alliance
- Who is the most valuable contact to tap available capital in today's market?
- How to bring emerging markets into a profit motive mentality?
- Which is the fastest growing country in Latin
- Which companies have the ability to fast track a find through to production? Will privatization efforts continue to speed up as
- governments step back? What is the best investment for the next five years?
- Is your Company positioned to profit in Latin

#### Ministers Roundtable A series of country roundtables for the Mine Ministers and their delegations to meet with investors

for an open discussion of the mining laws, availability of mines for investment and specific questions relating to mine development in their country. Continental breakfast will be served during these daily sessions.

1996 Update - Enabling the Environment Moderated by Felix Remy, Senior Industrial Mining Specialist, The World Bank

The Legal Framework

**♦** The Institutions

**◆** The Environment

♦ Medium and Mechanized Small Miners

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## Skoda Plzen to take Tatra stake

By Vincent Boland in Prague

Skoda Plzen, the Czech engineering group, said yester-day it had agreed to take a 43.5 per cent stake in the ailing truck maker Tatra, signalling another big step forward in the rationalisation of the country's troubled truck sector.

The proposed acquisition would give Skoda control of the entire heavy truck sector in the Czech Republic, after its purchase last year of Liaz, which makes long distance haulage vehicles.

Tatra specialises in heavy-duty off-road vehicles used in the oil exploration, construction and forestry industries. Skoda had made no secret of its desire to acquire Tatra and merge its operations with Liaz, making the engineering group a potentially significant force in the east European truck industry.

Last year the third domestic truck maker, Avia, was acquired by the South Korean group Daewoo in a joint ven-ture with Steyr-Daimler-Puch of Austria. Avia makes light vehicles and vans. Skoda Plzen is unrelated to

Skoda Automobilova. the Czech car subsidiary of Volkswagen of Germany. Skoda's move is part of a consolidation plan for Tatra which was drawn up with the heavily indebted truck maker's main bankers. It comes before a meeting of Tatra shareholders tomorrow which was called

originally to discuss a survival plan involving a debt-forequity swap by Komercni Banka, which is owed about Kc3.8bn (\$141.3m). Skoda had been tipped to

take operational control of Tatra on behalf of Komercni if the debt-for-equity swap went ahead. Skoda would acquire its stake from Cimex Holding, a private investment company. Terms of the transaction were not disclosed. The Czech truck industry

plunged into losses after the collapse of its main markets in the former Soviet Union. Tatra clawed its way back to profitability last year, earning Kc290m before tax, but production fell to 2,048 trucks compared with 15,000 annually in its heyday. In 1994 a management team led by the US auto industry executive Mr Gerald Greenwald attempted to rescue Tatra's fortunes. It withdrew after a culture clash with Czech managers.

Skoda's move also follows last week's announcement by Tatra that it had won a \$180m contract to supply more than 1,100 military vehicles to the United Arab Emirates. It was the company's first large order for several years.

The value of the two-year contract is nearly double the group's projected turnover for 1996 of Kc6.2bn. The vehicle to be supplied to the UAE is a specially adapted version of the T815 off-road truck, its

## Orkla ahead 22% for year

market watchdog, from auditing Gemina.

joint venture with Volvo. Operating revenues rose 4 per cent to NKr21.5bn, while operating profits climbed from NKr1.54bn

business helped generate total gains from the sale of industrial units of NKr367m. But these were offset by a NKr160m unexpected decision, late last year, to terminate its licencing and production agreement with Pripps-Ringnes in the Swedish market. The move has still to take effect, and the two sides are consolidated from October 1, while Pripps-Ringnes, where Orkla has 45 per cent, took effect from January 1 1995.

## Banco Ambrosiano raises payout

dividends on ordinary shares from L150 to L160. Dividends on saving shares will increase from L170 to L180.

## Nordic steel groups ahead sharply

in Stockholm

SSAB of Sweden and Finland's Rautaruukki, the Nordic region's two leading steel groups, showed big profit increases in 1995, but they warned of tougher market conditions this year.

Mr Leif Gustafsson, SSAB chief executive, said that west European steel consumption was expected to fall in 1996, while price pressures, which began in late-1995, had contin-

Rautaruukki echoed the remarks, but said that while steel prices were likely to be "unstable" in the first half, they could recover later in the

year after stocks had unwound. SSAB reported record profits

of SKr3.83bn (\$569m) for 1995, up 80 per cent from SKr2.14bn a year earlier. Rautaruukki said its profits improved 45 per cent from FM658m to FM954m (\$212m), its best result this

Mr Gustafsson said SSAB's operating businesses had seen a return on capital employed of more than 40 per cent in 1995 -"a level we have not seen in the steel industry in living memory". Operating revenues rose from SKr15.7bn to SKr19bn, while operating profits increased from SKr2.09bn to

SKr3.48bn. The improvement was driven by an 8 per cent rise in western European steel consumption last year and a strong rise in

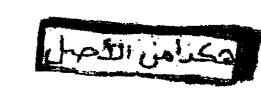
However, while SSAB's average prices were 19 per cent higher in 1995, prices fell 5 per cent during the fourth quarter, aggravated by the strengthening of the Swedish krona.

The combination of lower prices and the strong krona means the group expects lower margins in 1996. It also anticipated that lower activity in the Swedish export-orientated manufacturing industry would hurt its trading and processing

Rautaruukki's turnover rose 12 per cent to FM9.2bn in 1995 and operating profits expanded

from FM1.05bn to FM1.38bn. The group said its average prices in western Europe were 10 to 15 per cent higher, although prices for hot and cold rolled steel fell in the final quarter. Steel demand grew strongly in the Nordic region, due to greater capital spending and higher exports. Again, growth tailed off in the fourth quarter as stocks filled up. Rautaruukki, which recently

increased its stake in Fundia, a Swedish long steel producer, from 50 to 100 per cent, forecast 1996 turnover of FM9.5bn SSAB is lifting its dividend from SKr2.5 to SKr4 a share, while a 70 per cent increase at Rautaruukki will take the payout to FM1.70 per share.



## Quiet architect behind Allianz push in Europe

Wolfgang Schieren, who built Germany's Allianz insurance group into one of the world's most powerful financial institutions, died at the weekend aged 68. A discreet, softly-spoken man with clear strategic views, he exerted a strong influence behind the scenes in German finance and industry and pushed Allianz deep into European markets.

FEBRUARY

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Schieren spent his whole working life with Allianz, which he joined 40 years ago after studying economics and law. He was initially rejected by its Munich headquarters but joined the Cologne office, and became chief executive in 1971 at the age of 44, a position he held for 20 years before retiring five years ago to chair the supervisory board.

During his time at the head

of Allianz, Europe's largest insurance concern, its premium income rose from DM3.4bn to DM49bn (\$34bn), with the foreign share advancing from 3.2 per cent to 48 per cent of the total. Allianz became the most highly capitalised company on the German stock exchange, bought by many institutional investors as a proxy for the whole market because of its widespread holdings in German banks and industry.

While expanding the group geographically, Schieren also strengthened its marketing structure, stressed computerisation and focused on cost management as well as market leadership. In 1984, Allianz bought RAS, the big Italian insurance company, adding Cornhill of the UK two years later. It failed to acquire Eagle Star of the UK in 1981 after a "dawn raid" on the shares, but netted a DM530m profit when it sold its holding.



Wolfgang Schieren: half his 40 years at Allianz were as chief

After the Eagle Star failure, Schieren initiated a restructur-ing of Allianz – with a new holding company above the direct insurance activities - to give it more flexibility, espe-cially when making acquisi-

It pounced again in 1990 to buy Fireman's Fund in the US, a company which has since performed below the industry average but which Allianz says is now progressing well.

It also moved swiftly to build up a dominant position in the then East Germany, acquiring the former state monopoly as currency union between the two Germanys came into effect in mid-1990, before reunification. This deal annoyed Allianz's domestic rivals and has involved a very large investment to modernise the eastern German operation, which finally moved into profit last

Wolfgang Schieren will be succeeded as chairman of the supervisory board by Mr Klaus Liesen, head of Ruhrgas, the German energy concern.

# Businesses

Appear in the Financial Times on Tuesdays, Fridays and Saturdays.

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## **CONTRACTS & TENDERS**

#### SUGAR & INTEGRATED INDUSTRIES COMPANY

PROJECT AFFAIRS - HWAMDIA - GIZA **FURFURAL PLANT** GUIRGA

## **TENDER NO 8000/44**

Sugar & Integrated Industries Company invites eligible tenderers to submit their bids for the design, delivery of equipment and supervision of erection of factory to produce furfural from Bagasse with a capacity of 5000 ton of furfural/year as detailed in bid documents which can be obtained from a.m. title against payment of L.E. 500 to Project Affairs safe with an application addressed to the General Director of Project Affairs.

The bid opening will take place on 21 April 1996. at 12,00 noon, Cairo local time.

## NOTICE OF AUCTION

Bankruptcy no. 54971 Srl "IMAC", Bankruptcy Court of Rome. At 12am on 28.3.96 the Official Receiver Dott. Maselli is to sell by auction, in a single lot with base price Dott Maselli is to sell by auction, in a single lot with base price Lat. 29,064,000,000, leading Italian company, still in business, producer of polimglass roofing panels and accessories (machinery, commercial activity etc.); provisional carrying on of business 30.696, with 29 employees plus 8 in C.I.G.S. (redundancy); CTU (technical) reports of 19.9.94, 6.12.95. Written offers (according to articles 4 and 5 of the sale procedure) with bank draft made out to Fall.54971 deposit and expenses 30% of base price by 1pm on the day prior to the hearing, minimum bid Lit. 200,000,000, the first of which obligatory; total of deposit and expenses to be paid 48 hours after adjudication, balance 60 days after adjudication, same payment methods. Information from receiver, +39/6/35403222, or the company, +39/6/66417145, Messrs. Bon, Urzia, Sarra. Official report from the Chancery. Company visits to be Official report from the Chancery. Company visits to be arranged 15 days prior to the auction.

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OBITUARY - VEHBI KOÇ

## Self-made leader of Turkey's industrial first family

Vehbi Koc, who has died at the age of 95, was the last of a rare breed. Until his death, his company, Koc Holding was the only one of the Fortune 500 list of international businesses still owned and led by its epony-

mous founder.

A balding, slightly built figure, Koc spoke only Turkish, never learnt to drive and advanced no further than eighth grade at school.

From modest roots, he built up Turkey's largest industrial empire. The son of a store keeper, he started out with an investment of about US\$8. He leaves behind one of the larg-est private fortunes and the most advanced industrial conglomerate in the country, with a turnover of US\$9.5bn last

There is a fair chance that whatever you buy in Turkey today, whether a car, a washing machine, a tin of peeled tomatoes or a bottle of household gas, it will carry one of the Koç company brand names. His success as a businessman is explained by three main factors - a canny choice of partners, skilful use of government incentives and a keen eye for the market.

Growing up in the 1920s in Ankara, the capital city created by Ataturk, Koc was the first Turk to challenge the

trading power of Turkey's Christian minorities - particu-larly the Greeks and Armenians. In the Ottoman times, the bureaucracy or the army were the careers of choice for a been somewhat despised.
"I noticed the minorities led a better life. Their standard of

living was much higher than the Turks', so I decided to go into business," he said. In those days ethnic Turkish managers were thin on the ground. Koc was quick to make use of the business skills

of the local Jewish and Arme-

nian traders. In an autobiography published in 1977, Koc switches from graphic accounts of the poverty of the early republican days to homespun business aphorisms typical of many self-made men. He recalls the first car he saw. "A Catholic named Arslanguller brought it to Ankara. It was nicknamed 'the infidel's car'." Today the

and food processing. After the first world war, he spotted the business vacuum created by the departure of the Christian minorities. He is said to have seized on the shortage of building supplies, taking roofing tiles from the homes of

Koc empire dominates the

automotive sector, just as it does electronics, bousehold gas



Vehbi Koç: his first investment of \$8 became turnover of \$9.5bm

his first money. Whatever the exact starting

point, he quickly won a con-tract to build the roof of Turkey's Grand National Assembly - an undertaking which was to seal his close relationship with the Turkish state for After the second world war,

departing Christians to make in which Turkey remained neutral, Koc set up his first joint venture with the General Electric company, making light

> His next big enterprise - in 1959 – was a link-up with Ford Motor to produce buses and trucks. In 1967, the Koc company produced Turkey's first homemade car - the Anadolu,

a Ford Cortina variant.
The Koc empire now accounts for about a fifth of Turkey's gross national product and generates close to 5 per cent of Turkish exports. On the Istanbul stock exchange, Koç companies comprise about 15 per cent of the market capitalisation. The company has about 45 per cent of the car market, is the leading producer of white and brown electronic goods, and the largest competitor in the domestic household

gas market. Certainly no Turkish govern ment, whatever its political complexion, could afford to ignore his counsel. A confidant of presidents and prime ministers, Koç was once likened to Italy's Gianni Agnelli – an industrialist with whom he had close ties.

The Koc company was instrumental in shaping the country's industrial policy in the 1960s and 1970s - with investments in the so-called import substitution sectors. But as one Ankara banker put it: "Mr Vehbi was born a trader and will die a trader."

In many ways the Koçs are the first family of Turkey. They cultivate an image of class, style and elegance. The group headquarters - a 19thcentury Ottoman mansion high above the Bosporus - would

azine on interior design. The building, which originally com-prised a harem, a Turkish bath, stables and coachman's quarters, is today a statement of the Koc business style. The interior is adorned with fine carpets and modern paintings the garden peppered with Greek and Roman "spolia". Koc himself was a man of

frugal tastes. Unlike Rahmi Koç, his son, Vehbi took his holidays in a modest hotel in Erdek, a resort on the Sea of Marmara popular with Ankara civil servants in the 1950s but now somewhat spoilt by development and water pollution.

renovated, it is said he strongly resisted plans to add a swimming pool and that when one of his grandsons bought a red sports car, he refused to allow it to be kept in the compound.

Even after major brain surgery in 1994 he would still go every day to the company offices at Nakkastepe, and read the board minutes.

In his later years, he directed his energies more and more to charity work. The holding company he leaves behind is still controlled by the family. The succession is a problem his children, Rahmi and three daughters, will have to tackle.



Providing solutions The pharmaceutical group Bieffe Medital operates on an international level in the parenteral solutions and hospital supplies ture

Founded in Italy in 1958, the company has been widely grow-

ing in the main foreign markets: in Europe, thanks to a network of production sites, it exists in Italy, Spain and Switzerland while, thanks to its marketing and sales structures, it also exists in France, Belgium, Holland and Greece. Beyond these regions, Bieffe Medital is active in the UK, Ireland, Scandinavia, Eastern Europe (Poland, the Czech Republic and Slovakia, Hungary), North Africa (Algeria, Tunisia, Libya, Egypt), the Middle East (Jordan, Kuwait, the U.A.E.) and America (Venezuela, Ecuador).

## A dynamic company always in expansion

Bieffe Medital in 1995 reached a yearly production of more than 60 million units of parenteral solutions, some for dialysis, and more than 30 million pieces of equipment for their administration, having developed its own technology, which is promoted and sold successfully all over the world (the most recent objective reached was in China, where the group entered into a joint venture with the State owned company Tianjin Amino Acid). The importance of foreign markets is continually growing: in fact about 60% of Bieffe Medital's sales are in the Italian Market while around 20% is realized in other European countries and the rest in Latin America and Asia.

Unique products in the peritoneal dialysis field: patented the first bio-container not made in PVC

The core of Bieffe Medital's business is products

for dialysis: besides the production of specific solutions for hemodialysis and blood filtering the company has also patented "Clear Flex" the unique biocontainer for peritoneal dialysis not made in PVC, realized in

more bio-compatible and ecological plastics.

After 5 years of research, Bieffe Medital presented "Clear Flex," a unique product that reduces possibility of risks of peritoneum infections, doesn't contain plasticizers and -being completely thermoresistant- permits sterilization at 121° C.

By virtue of its composition, "Clear Flex" is particularly appreciated in countries who care about ecology.

The company is moreover developing the urological products area: the most important product is urological irrigation sets based on one or more irrigation lines and systems for the collection of irrigation liquids. The Surgery Division - whose main product is a flexible endoluminal stapler- and the Pharma Division - that produces aminoacid solutions and anesthetic products- complete the range of products.

#### Research and development: a strategic sector for Bieffe Medital's production

Research plays a key role in the strategies of the company that in 1995 has heavily invested in R&D: the Engineering and Business Development Division objectives are studying new products, refining production technics and providing assistance to licensees; the company can also supply technology for the construction of new plants, and is also able to furnish all the instruments and training personnel required.

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#### AMERICAS NEWS DIGEST

## Teledyne to consider improved WHX bid

Teledyne, the US defence and industrial company, said it would consider a sweetened buy-out offer from WHX, the holding company for Wheeling Pittsburgh Steel. The steelmaker increased its bid from \$30 to \$32 per Teledyne share - \$22 of it in cash - on Monday. The total value of the offer has now been lifted from \$1.67bn to \$1.79bn.

WHX began pursuing Teledyne in late-1994, but Teledyne fought that \$22-a-share bid. WHX then launched a proxy battle and won a board seat for its chairman Mr Ronald LaBow, the Wall Street financier. The board put Teledyne up for sale to find other suitors, but took it off the block after receiving no attractive offers. WHX made its \$30-a-share bid earlier this

The Los Angeles conglomerate's main operating attraction to WHX is its speciality metals business, which supplies the aerospace and similar industries. The speciality metals business contributed about 65 per cent of Teledyne's 1995 operating profit of \$131.7m. Some analysts predict WHX would sell off Teledyne's defence electronics business and consumer products division. AP-DJ, Los Angeles

## Rio Algom ahead 76% for year

Rio Algom, the Canadian mining group, lifted net profit for 1995 to C\$132.4m (US\$96m), or C\$2.55 a share, up 76 per cent from C\$75.2m. or C\$1.48, a year earlier. Revenues jumped to C\$2bn, a rise of 80 per cent. The group benefited from a full year's production from the Cerro Colorado copper mine in Chile; a nine-month contribution from its newly-acquired metals distribution unit, and an after-tax special gain of C\$12m on the sale of an Australian unit.

Fourth-quarter net profit was C\$34.2m, or 66 cents a share including the special gain, against C\$30m, or 59 cents, a year earlier. Together with its share of an Argentine group. Rio plans to become one of the world's leading copper producers, with output of 350m lbs by 1999, in addition to its expanding gold, zinc and uranium activities. Robert Gibbens, Montreal

■ Phillips Petroleum, the US energy group, will report a net gain of about \$565m in the first quarter due to a favourable ruling in a tax case involving its Kenai, Alaska, liquefied natural gas plant. It said the ruling would boost 1996 net operating earnings by an estimated 20-25 cents a share, due to a lower effective tax rate and lower net interest charges on tax liabilities from previous years. Phillips said it would receive an estimated \$375m from the Internal Revenue Service in cash refunds over "the next few years", with the first \$200m expected in the next 60 days.

AFX News, Bartlesville, Oklahoma

■ Amoco Power Resources of the US has bought 40 per cent of Energia del Sur, a company that will build, own and operate an electric power generating facility in Argentina. Energia del Sur will build and operate the Central Termica Patagonia generating plant in Comodoro Rivadavia, about 1,000 miles south of Buenos Aires.

Camuzzi Argentina, a unit of Camuzzi Gazometri of Italy, will own the remaining 60 per cent. Amoco Power is a unit of

## Bank of **Montreal** rises 30%

By Bernard Simon in Toronto

in first term

Bank of Montreal opened Canadian banks' first-quarter earnings season with a 30 per cent advance in net income. due mainly to a higher contribution from foreign business.

The bank, Canada's thirdbiggest, came very close to meeting its target for foreign operations to contribute half total earnings. US operations, which include wholly-owned Harris Bankcorp of Chicago, made up 36 per cent of first-quarter

Net earnings grew to C\$296m (US\$215m), or C\$1.04 a share, in the three months to January 31, from C\$228m, or 78 cents, a year earlier. Return on equity rose from 14.6 per cent to 17.7 per cent while return on assets climbed from 0.65 per cent to 0.78 per cent. Assets totalied C\$150bn on January 31.

The bank forecasts fiscal 1996 loan losses of C8275m, unchanged from last year. One quarter of this amount, or C\$69m, was charged against first-quarter earnings. The 1995 first-quarter charge was C\$88m, because loan writedowns were at that time expected to be higher for the year than they turned out to be.

The non-performing loan portfolio shrank to C\$540m on January 31, from C\$1.17bn a Income from non-Canadian

sources rose 59 per cent to C\$148m. About C\$27m of the rise was due to the sale of non-performing Argentina bonds. Harris has also performed strongly. Its earnings reached

US\$42.2m in the final three

months of 1995, up from US\$38.9m a year earlier. BMO gained a New York list-ing in 1994, and earlier this month unveiled a deal to acquire 16 per cent of Mexico's

## AT&T introduces Internet access service

By Louise Kehoe in San Francisco

AT&T is aiming to persuade many of its 80m US long-distance telephone customers to sign up for a new Internet access service by offering it free for the first 12

The entry of the world's largest telecommunications company into the Internet access market poses a significant threat to existing service providers, analysts said.

Shares in Netcom Online Communications were down \$3% at \$24 following the AT&T announcement yesterday morning. UUnet dropped \$3 to \$32% and

America Online was down \$2\frac{1}{2} at \$51\frac{1}{2}.

PSInet lost \$\frac{1}{2}\frac{1}{2} to \$11\frac{1}{2}.

The launch of AT&T WorldNet, as the service is called, marks the beginning of a new round of competition in the Internet access market, analysts said. Local telephone companies, including Pacific Bell, are planning to offer Internet services and Tele-Communications Inc. the leading cable TV service, plans to launch its Internet service next month.

The AT&T service will provide residential telephone customers with up to five hours of free Internet access a month for the first 12 months. All

AT&T telephone customers - both businesses and home users - can gain unlimited Internet access for a flat fee of \$19.95 a month. This contrasts with the "per hour" fees charged by most

competing services. "About 37 per cent of US families have home computers, but only about 10 per cent go online or on the internet," said Mr Tom Evslin, AT&T vicepresident for WorldNet.

"This is the Internet for everyone, with guided tours, navigation aids, and other ease of use features that will encourage new users to come on line,"

net access points throughout the US so that about 80 per cent of the population can reach the service via a local tele phone call. The WorldNet service will eventually be expanded to provide international access, AT&T executives

To encourage electronic shooping on the Internet, AT&T will guarantee pur chases made using an AT&T credit card. Cross-marketing of credit cards and telephone services with Internet access is expected to become a significant feature of Internet services in

## Condit takes the controls at Boeing

By Michael Skapinker Aerospaca Correspondent

Mr Philip Condit is to take over as chief executive of Boeing in April Mr Condit, who has never worked for any other company, takes over when the US aircraft maker's fortunes appear to be improving after a severe aircraft industry recession, thousands of redundancies and a 10-week strike.

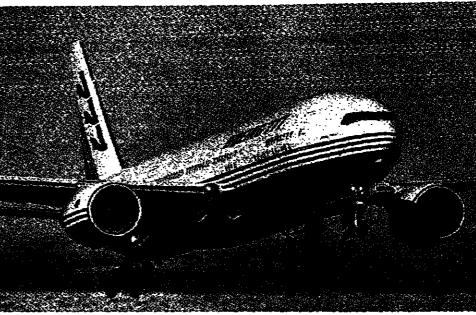
He succeeds Mr Frank Shrontz, who will remain chairman of the board. Mr Condit, 54, who has been president of the group since 1992, was widely seen as Mr Shrontz's heir apparent.

The group won 346 orders last year, compared with only 120 in 1994. This is still far lower, however, than the 683 orders Boeing won in 1989.

The company's workforce fell from 119,000 at the end of 1994 to 105,000 at the end of last year. About a third of the workforce participated in last year's strike over employment conditions and the contracting out of Boeing manufacturing.

Mr Condit said in an inter-

view yesterday, however, that Boeing was in a position to begin hiring again. He said the group would make 215 aircraft in 1996. This compares with 206 aircraft last year, which was lower than the 235 planned, because of the strike. The production rate would increase in Grupo Financiero Bancomer. | 1997 too, Mr Condit said.



The Boeing 777: the US manufacturer's first aircraft to be completely computer designed

But the pressure on aircraft manufacturers to reduce costs would remain. "On the commercial airline side, I think deregulation and liberalisation will continue to spread. That's good for the consumers, but it puts the airlines under pressure and, as a supplier to the industry, that puts us under

pressure," he said. Mr Condit is only the seventh chief executive to head Boeing since it was founded in 1915. Mr Shrontz. who was

appointed chief executive in 1986, is a lawyer. Mr Condit is an engineer, who began his career in Boeing in 1965 on the Supersonic Transport programme, which never produced a rival to the Anglo-French Concorde.

Mr Condit brings to the chief executive's job a reputation for being prepared to talk directly to shop floor workers and the credibility of having headed the Boeing 777 programme before he became president.

The Boeing 777 was launched to fill a gap between the Boeing 767 and the 747 and to

counter competition from the Airbus A330 and A340 and the McDonnell Douglas MD-11. The aircraft has helped Boeing beat Airbus Industrie, the European consortium, and so win some important orders over the past year. Singapore Airlines ordered 77 of the aircraft and Malaysia Airlines said it would buy 15 Boeing 777s and 10 747s.

Boeing used the production of the 777 to throw off a host of old working practices which had seen the group fall behind Airbus in computer design and aircraft technology. The 777 was the first Boeing aircraft to be completely computer designed and the first to use fly-by-wire technology.

Fly-by-wire, which means the wing and tail surfaces are controlled electronically father than mechanically, was introduced by Airbus on its \$320, which went into service eight

years ago. Boeing also used the 777 programme to work directly with its customers, asking airlines

what they wanted. Mr Condit says that what ever improvements the TTI: brought to Boeing's design, manufacturing and focus on customers, "I would say we're only 25 per cent along the path

to remaking the company.

One of Boeing's priorities, he says, is to improve the process under which aircraft seating and other facilities are arranged to meet the needs of different airlines. Work still needs to be done to enable the computer systems involved in this work to communicate with

each other. He is less excited about participating in the current round of US defence mergers. Boeing abandoned exploratory merger talks with McDonnell Douglas last month.

INTERIM PROFIT ANNOUNCEMENT

STRONG PERFORMANCE BY GROUP OPERATIONS ATTRIBUTABLE INCOME UP ST PERCENT

CASH EARNINGS PER SHARE UP 44 PERCENT

INTERIM DIVIDEND RAISED BY 17 PERCENT TO 7 CONTS PER SHARE

## 6 months ended 31 December 1995

12 months to 30.06.95 (Audited)		6 months to 31.12.95 (Reviewed)	6 months to 31.12.94 (Unaudited)	% Change
	Rand million			
. 1 088	Income from operations	707	418	69.1
1 003	Attributable income	702	388	80.9
19 314	Net assets (at valuation)	20 157	18 790	7,3
	Cents per share			
72.8	Attributable income	48,5	28,2	72,0
73,8	Earnings before exceptional items	40,5	28.5	42,1
65,6	Cash earnings	42,7	29,6	44,3
20.0	Dividends	7,0	6,0	16.7
1 392	Net assets (at valuation)	1 392	1 366	1.9
	US\$ million			
302	Income from operations	193	117	64,6
279	Attributable income (SA income converted at the average R/USS rulin during the reporting period)	<b>192</b>	108	77,8
5 311	Net assets (at valuation) ISA assets converted at R/USS ruling on the reporting date)	5 522	4 967	11,2
	Ordinary shares in issue (million)			
1 378	Weighted average for the period	1 448	1 376	
1 387	Total as at the reporting date	1 448	1 376	

## INTERIM DIVIDEND

An interim dividend No. 140 (coupon No. 149) of 7 cents (1995 - 6 cents) per ordinary share has been declared, payable on 29 March 1996 to shareholders registered on 15 March 1996. The share register will be closed from 18 March to 27 March 1996. The dividend is payable in the currency of the Republic of South Africa. Payment from the United Kingdom will be made in United Kingdom currency at a rate of exchange ruling on 21 March 1996, or on the first day thereafter on which a rate of exchange is available.

On behalf of the Board

B P Gilbertson M L Davis

Johannesburg

28 February 1996

GENCOR LIMITED nested in the Republic of South Afric

6 Hollard Street, Johannesburg 2001 PO Box 61820, Marshalltown 2107

#### (FORMERLY STATE BANK OF SOUTH AUSTRALIA) HAS CLOSED ITS LONDON OFFICE **EFFECTIVE 29 FEBRUARY 1996**

AS FROM THIS DATE ALL CORRESPONDENCE AND

SOUTH AUSTRALIAN ASSET

MANAGEMENT CORPORATION

ENQUIRIES SHOULD BE DIRECTED TO: Mr Lino Di Lemia Head of Internation

South Australian Asset Management Corporation 91 King William Street Adelaide SA 5000, AUSTRALIA Phone (618) 222 8520 Facsimile (618) 222 8822

PT BANK NEGARA INDONESIA, HONG KONG BRANCH US \$ 151,500,000.- FLOATING RATE NOTES DUE 1997

("THE NOTES") Pursuant to Condition 5 (B) of the Terror and Conditions of the Notes, Notice is hereby given that, at the option of the holders, the Notes are redeemable at their principal amount on 18th April, 1996. To exercise the option, the holders should deposit their Notes with the Paying Agent between 18th February, 1996 and the 18th March, 1996, stating their intention to redeem such Notes pursuant to

According to Condition 6, in case of redemption prior to maturity. Notes should be presented for payment together with unmatured Coupons appertaming thereto. Unmatured Coupons shall become void and so payment shall be due in respect

Fuji Bank (Luxembourg) S.A. Fiscal, Paying and Listing Agent

## Régie Nationale des Usines RENAULT FRF 500.000.000 Retractable Bonds 10 5/8% due 2001

Notice is hereby given that:

"according to the terms and conditions of the Bonds, paragraph 3 ("Interest") and to the notice published on 25 january 1996 relating to the basis of calculation, the rate of interest applicable to the bonds for the period 3 march 1996 to 3 march 2001 has been fixed at 6,05%.

\*according to the terms and conditions of the Bonds paragraph 4 (b) "Redemption at the option of the Bondholders", a nominal amount of FRF 83.160.000 has been presented for redemption on the Interest Payment Date falling on March 3, 1996. Nominal amount outstanding after March 3, 1996: FRF 98.740.000 The Principal Agent, SOCIETE GENERALE BANK & TRUST LUXEMBOURG

> BANCO CENTRAL DE LA REPUBLICA DOMINICANA PDI BOND DUE 2009

In accordance with the provisions of the Fiscol Agency Agreement, notice is hereby given that for the six month Interest Period from February 28, 1996 to August 30, 1996 the Bands will corry an Interest Rote of 6.0625% p.a. and the Coupon Amount per U.S.\$1,000 nominal of the Bands will be U.S.\$30,99. February 28, 1996, Landon By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANC



the Interest Period 23rd narr, 1996 to 23rd May, 1996 the Notes will carry a Rate Interest of 6.33438 per cent. per annum, with a Coupon Amount of £1,557.63 per £100,000 None, payable on 23rd May, 1996. Listed on the London Stock Exchange

Bankers Trust
Company, London Agent Ban

#### BANQUE NATIONALE **DE PARIS**

Programme for the Issuance of Debi lasimmante USD 18.808.008 FRA/Fixed flate Notes due 2005 Series 31 Tranche 1

Notice is hereby given that the rate of Interest for the period from February 28th, 1996 to August 30th, 1996 has been fixed at 5.6375 per cent. per annum. The pon amount due for this penod is USD 28,813.89 per denomination of USD 1,000,000 and is payable on the interest payment date August 30th, 1996.

PRP | The Fiscal Agent Banque Hatifonale d (Luxiamboarg) S.A.

#### THE KOREA-EUROPE FUND LIMITED INTERIM RESULTS

		•
The Directors of The Ko results for the six months		mounce the usuadited interim
REVENUE	Six Months Ended 31 December 1995 US\$ 000	Six Months Ended 31 December 1994 US\$'000
investment income:		
Dividends	37	91
Bond Interest	386	401
	423	492
Deposit interest	37	46
Total Revenue	460	538
Expenses and interest	1,721	1,703
Deficit before texation	(1,261)	(1.165)
Taxation on the revenue	68	46
Deficit after taxation	(1,329)	(1.211)

Deficit per abare (3.78) cepts (3.45) cents The majority of dividend payments by Korean companies are made in the first six months of the calendar year as a result, the greater part of the Company's reversue will be received in the final-six months of the current accounting period and there is a deficit of revenue after taxation for the period covered by this statement. The Directors anticipate, however, that there will be a surplus of revenue available for

distribution for the year ending 30 June 1996. <u>ASSETS</u> At 30 June 1995 US\$'000 US5'000

Assets applicable to ordinary capital 299.748 293,078 Net asset value per share \$8.34 Over the six months to 31 December 1995 the net esset value of the Korea-Europe Punc

over the six facilities to 31 becember (99) the text asset value of the Korea-Europe Fund rose by 2.3%. In the same period the Korea Stock Exchange composite index gave a negative return in US dollar terms of 3.5%. The Company's outperformance can be attributed to its holding in large companies and increased exposure to deomestic orientated sectors which performed well relative to the index. The Korean economy is expected to grow between 7 and 7.5% this year as investm spending slows considerably from last year's abnormal levels and the weaker Japanese Yen tempers Korean exporters' competitiveness, in the absence of serious labour disruption inflationary pressures will be mused, thus allowing a continued relaxation in monetary policy and lower interest rates. Together with an improving trade deficit this will provide better liquidity conditions for the stock market.

The Interim Report will be mailed to registered shareholders at their registered addresses on 15 March 1996. Copies of the Interim Report will be made available from 15 March 1996 at the offices of Schröder Investment Management Limited, 85 Queen Victoria Street, London EC4V 4E1.

Enquiries: Schroder Investment Management Limited John P. Bainbridge (017) 382 6742)

J P Morgan

NOTICE OF PREPAYMENT



EUROPEAN INVESTMENT BANK ESP 20.000.000.000. - 12,25% Bonds due 19th April 2001

Notice is hereby given to the Bondholders that pursuant to clause \*OPTIONAL REDEMPTION\*, the issuer has elected to reedem and prepay all outstanding Bonds, on 19th April 1996 at a redemption price of 101,35% of the principal amount thereof, together with accrued interest thereto.

Interest will cease to accrue on the Bonds as of 19th April

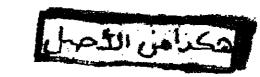
Payment of Interest and early redemption due 19th April 1996, will be made as usual in accordance with the Terms and Conditions of the Bonds.

Madrid, 23rd February, 1996. «BANCO ESPAÑOL DE CRE-DITO, S.A.» as Agent of Payments of the Issue.

## THE TOP OPPORTUNITIES SECTION

For senior management positions. For information please contact:

> **Robert Hunt** +44 0171 873 4095



FINANCIAL TIMES WEDNESDAY FEBRUARY 28 1996

1

This announcement appears as a matter of record only.

February 1996

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Limited Partnership Interests

# CWB Capital Partners II Private Equity Fund

A fund managed by

**CWB Capital Partners** 

The private placement of limited partnership interests in this fund has been arranged on a global basis with institutional and individual investors.

Salomon Brothers Inc Global Advisor and Lead Placement Agent

SBC Warburg
A DIVISION OF SWISS BANK CORPORATION
Co-Placement Agent

## INTERNATIONAL COMPANIES AND FINANCE

#### **NEWS DIGEST**

## Hyundai Motor fails to impress

Hyundai Motor, South Korea's largest car company, reported a 14.5 per cent increase in net profits for 1995, to Won156.7bn (\$200.8m). The market had been expecting higher profits,

however, on sales that were up 13 per cent to Won10,300hn.

Analysts believed Hyundai fell short of predicted earnings of at least Won200bn because of costs associated with its recent decision to liquidate its mothballed car plant in Quebec Canada. Hyundai closed the factory in 1992 because of falling demand in the North American market. In addition, the introduction of generous consumer financing schemes in December to boost sales in the stagnant domestic market also

However, Hyundai has the highest earnings among Korea's five carmakers, since it controls 45 per cent of the domestic market and dominates the medium and luxury class car egments, which have better profit margins than small cars. Kia, the second largest Korean carmaker, reported a

turnround to net profits of Won11.6bn, after a loss of Won69.5bn for 1994. Sales rose 20 per cent to Won5,688bn. Kia, which has 25 per cent of the domestic market, said the earnings improvement was mainly attributed to a sharp decline in depreciation costs. Heavy investments in production expansion and development of new models, which caused the 1994 loss, also eased last year. John Burton, Seou John Burton, Seoul

## Demand buoyant at KMT

Korea Mobile Telecom, South Korea's leading cellular telephone operator, reported a stronger than expected 42 per cent advance in net earnings, to Won180.8bn for 1995. Sales increased 69 per cent to Won1,323bn.

KMT, which is one of the most popular Korean stocks among foreign investors, said the earnings rise reflected continued strong demand for cellular services, with 70 per cent growth in subscribers to 1.6m last year. The KMT share price

yesterday closed unchanged at Won640,000.

Analysts warn that KMT profits may fall slightly this year as a new rival, Shinsegi, breaks KMT's monopoly on cellular services. However, the market is considered able to support two competitors since the penetration rate for cellular telephones in Korea is still low. Falling handset prices and a cut in subscriber deposit fees are likely to boost demand

this year.

KMT will increase investments by 35 per cent to Won1,100bn this year as it introduces a digital cellular network to complement its analogue system, which is suffering a deterioration in call quality as it becomes overloaded with subscribers. Borrowing costs for KMT are also expected to increase as it refunds an estimated Won800bn in deposit fees, which have been an important financing source for its operations. The deposit refund was recently ordered by the

#### Manila Electric ahead 31%

Manila Electric (Meralco), the electricity supplier privatised two years ago, boosted profits 31 per cent to 4.4bn pesos (US\$168.2m) in 1995. It attributed the growth to productivity gains and favourable rate adjustments.

The company, which is planning to get involved in power generation within the next two years, said a string of natural disasters last year had not caused as much damage as was feared. The number of customers served in 1995 rose 185,000 to 2.66m. No revenue figures were given.

Analysts say that as much as 15 per cent of Meralco's electricity is lost through pilferage and waste. Every 1 per cent reduction in waste translates into an extra 75m peso profit, according to calculations. The company, which has launched a drive to eliminate wastage, plans to give incentives to industrial users to conserve power.

#### Chemicals help lift Sasol

Sasol, the South African liquid fuels producer which manufactures synthetic fuel from coal, has posted a 14 per cent increase in turnover to R6.76bn (\$1.8bn) for the six months to December 25 1995. Earnings attributable to permanent capital holders rose 30 per cent to R1.1bn, while earnings attributable to shareholders increased 31 per cent to interim dividend rises from 46.5 cents a year ago to 53

Higher chemical prices lifted the contribution from Sasol Chemical Industries from R373m to R499m.

Analysts said the phasing-out by 2000 of Sasol's R1.1bn

annual protective subsidy for synthetic fuel production, announced in December, would combine with lower chemical prices to depress second-half earnings. But they were optimistic about the group's longer-term prospects, as Sasol reduced its exposure to the volatile synthetic fuels market by repositioning itself in the growing chemicals sector. Mark Ashurst, Johannesburg

## Weak markets behind fall at Matsushita

Matsushita Electric Industrial, the world's largest consumer electronics company, yesterday said the weak Japanese market and a slowdown in the US and Europe, plus the sale of its US movie business, contributed to a decline in third-quarter profits and sales.

The group unveiled a 23 per cent fall in taxable profits to Y70.1bn (\$672m) for the three months to December, on sales down 2 per cent to Y1,829.7bn. compared with the same period last year.

The results were in line with market expectations. Market competition was by a general shift in consumer taste towards lower-priced electronic goods, the group said. Asian markets alone showed firm growth.

Matsushita's results were distorted by the absence of MCA, the US film studio which it sold last April, giving rise as already reported - to a Y164.2bn foreign exchange loss, charged against the first quarter.

Adjusting for MCA's absence, underlying sales in the third quarter rose 6 per cent and pre-tax profit fell 12 per cent, just over half the rate reported

Unadjusted group sales in the nine months to December intense and margins were hit fell 3 per cent to Y5,051bn, with

a pre-tax loss of Y10.9bn against a taxable profit of Y175.5bn in the same period last vear.

Adjusted for MCA and the foreign exchange loss, sales rose 3 per cent in the nine months and pre-tax profits fell 8 per cent, the group said.

Sales of communications and industrial equipment, representing about 30 per cent of turnover, showed 14 per cent growth in the third quarter, helped by a lift in Japan's mobile telephone market, recently opened to freer competition.

Displays for personal computers and CD-Rom drives sold well, the group said. Like other Japanese electron-

ics companies, Matsushita said the fastest growth was in its components business, just under a fifth of total turnover,

where sales rose 14 per cent in the three months to December, led by strong world demand for semiconductors. By contrast, its traditional consumer electronics products showed sluggish growth. Sales

of video equipment, about 14 per cent of turnover, rose 2 per cent in the third quarter. helped by increased sales of televisions overseas - especially in Asia - and steady growth in sales of wide-screen and high-definition televisions

Home appliances, with 15 per cent of sales and Matsushita's

A LOOK AT THE BOOKS

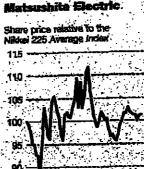
18,405

25,303

**CAPITAL ADEQUACY RATIOS** 

22.063

23,489



1994

1,421

1.844

1.549

BIS capita

1995

1.788

1.661

1.915

10

Adj. equity\*/total assets (%)

most mature business sector. saw a 1 per cent decline in

1995

8.026

7,895

9.025

7.984

Hang Seng Bank

1994

6.325

## HK banks stand tough test of competition

Operating profit before

Operating prof

Pre-tax profit

Bank East Asia

Deh Sing Fin. Dao Heng

Liu Chong Hing

Hang Seng Index

Their growth has slowed, but the colony's institutions are adapting well to change, writes John Ridding

early 1990s may have passed for Hong Kong's "The cycle has peaked and has started its journey down," concluded Moody's Investors Service, the US ratings agency, in a study last

But while annual results now being reported show a slowing in earnings growth from average rates of about 30 per cent in 1992 and 1993, some business sectors and many counterparts abroad would welcome the decline. The banks' sturdy base will, however, be needed to confront structural challenges in the industry and increased competition. Smaller banks, in particular, will be tested.

The big three banks have all reported steady rises in net profits and strong growth at the operating level. Hongkong Bank the Asia-Pacific arm of HSBC Holdings, this week announced 1995 net profits of HK\$16.6bn (US\$2.1bn), up 16 per cent, and a 23 per cent rise operating profits before

A similar pattern was seen at Hang Seng Bank, a subsidiary of the Hongkong Bank group, and at the Bank of East Asia. The other main banks are due to report over the next few weeks, and ING Barings expects the results to show an average increase in net profits of about 16 per cent.

Such increases have been achieved despite a depressed retail environment, a sharp fall in property prices and deregulation in the sector. "1995 was not an easy year," said Mr East Asia. "Interest costs increased with the phased deregulation of deposits, whilst the sluggish property market and the general economic slowdown also brought about a

slower loan growth." The banks' resilience can be attributed to several factors. Conservative collateral policies helped prevent accidents in the property sector, while the impact of interest rate deregu-

The heady days of the lation was offset by limits on liberalisation. Falling US interest rates enabled a spread of about 3 per cent between prime lending rates and deposit rates, comfortably above the fiveyear average.

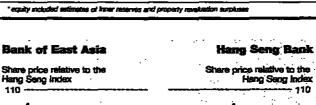
Specific sectors saw spurts of activity. In the first half of the year demand for trade finance was strong, reflecting the expansion of economic activity in southern China. Demand for mortgages and property loans, which represent about 40 per cent of total loans, started to rebound towards the end of the

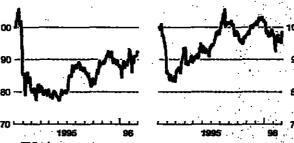
As for balance sheets, the disclosure of inner reserves accumulated profits which have been used to smooth fluctuations in earnings - has served to confirm the strength of the banks' capital bases. "All of the main banks have prudent levels of capital adequacy," says Ms Carmel Wellso, banking analyst at ING Barings, citing capital adequacy ratios in a range of 12 per cent to 25 per cent, compared with the BIS requirement of 8 per cent.

Most analysts forecast steady profit growth this year. But the banks expect the going in Hong Kong to get tougher. The fight for mortgages has intensified, reducing spreads, while the outlook for lower interest rates remains uncertain. There are broader structural challenges, ranging from the maturity of the Hong Kong market and increased competition at home, to a diversification of capital-raising by business and uncertainties relating to the transition to Chinese sover-

"Hong Kong is now a very mature market, and it has become increasingly competitive." savs Mr John Grav. chairman of Hongkong Bank. "Both price and non-price competition will intensify," says Sir Lee Quo-wei, his counterpart at Hang Seng Bank. Part of the reason is the

growing fight for deposits and the entry of new players into the market. The Bank of China the looming transfer. "Of





and its 13 sister banks have been stepping up their efforts to win business. "They have improved their operations immeasurably," says Mr Gray.
"They are a real competitive

only challenge. "Major property companies and conglomerates have been raising funds in the international capital markets," says the Moody's report, referring to a trend of disintermediation. More broadly, there is uncertainty generated by the transfer to Chinese sovereignty next

The banks are not rattled by

course there will be some changes in Hong Kong, but they won't be as big as tne changes I have seen here in my lifetime," says Mr Gray. "I think China's vested interest in letting things continue to tick along is clear," says a has taken control of Winton, a But strategic business

considerations have, in any case, prompted geographical diversification. The higher growth rates of regional economies have pushed Hongkong Bank, for example, to increase its branch networks in southeast Asia - from Thailand to the Philippines – and in China. Last year it opened a branch in Beijing and recently announced plans for a repre-

sentative office in Chengdu. The Bank of East Asia and other Hong Kong banks have also pushed into the mainland. "They are all knocking on the door in China and elsewhere in the region," says one banking analyst. "The expansion is limited only by the pace of financial deregulation in these countries."

Source: ING Barings

At home, the emphasis has been on cutting costs and diversifying income sources to reduce reliance on interest income. But for some of the smaller players, that may not be enough. "Increased competition, will put a premium on big branch networks," says one banking executive. "And that points to consolidation."

Some consolidation has already occurred. Last year, for instance, Bank of East Asia bought United Chinese Bank for HK\$1.3bn. JCG Holdings

More seems likely to follow, although family ownership of many smaller banks limits the prospects for hostile bids. "It will be a gradual process, rather than a rush to merge. But if you look at the industry trends in Hong Kong and the attractions of expansion overseas then size is going to count," says one industry executive. "The smaller you are, the tougher life will be."

## Stronger prices drive surge at Gencor

By Mark Ashurst in Johannesburg

Gencor, the South African mining finance house, yesterday reported an 81 per cent. rise in attributable income from R388m to R702m (\$182 im) for the six months to December 31, as strong aluminium and chrome prices boosted income. Earnings per share rose 72 per cent from 28.2 cents to 48.5 cents before exceptional items.

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An interim dividend of 7. cents, up 1 cent, was declared. Billiton International, the offshore aluminium operation acquired in 1994, increased its. contribution to group income from R52m to R164m. Billiton almost doubled its total earnings for the period from R142m to R274m, or 39 per cent of Gencor's total income.

Net financing charges for the aluminium debt-laden producer fell from \$25m for the six months to December 1994 to \$12m. This was largely because of the repayment of third-party debt and more favourable interest charges secured by refinancing.

Gencor's established aluminium operation, Alusaf, tripled its contribution to R32m. Its new Hillside smelter is due to reach full production in June, four months ahead of schedule. Analysts say this will help it withstand lower aluminium prices in the second half.

Lower production and a 21 per cent rise in costs at Gen-gold, the gold subsidiary, offset a marginal increase in the average gold price for the period, and income dropped 28 per cent to R56m. Gencor is to underwrite a R600m rights. issue by Gengold to fund capital investment at the Oryx gold mine, which is forecast to break even in mid-1998. The three Evander gold mines are to be merged with Bracken, securing 19,800 hectares of

additional mineral rights. Samancor, the chrome, manganese and stainless steel producer, increased its contribution 178 per cent to R222m, reflecting improved sales volumes and higher ferrochrome. prices. The increase includes capital profits on the sale of its investment in the French company Usine, and revenue from the additional 8 per cent equity holding acquired by Gencor in July last year. Gencor said stainless steel output would increase in the second half as the Columbus plant, opened last month, reached capacity. More than 5,000 tons, or 8 per cent of Columbus's total saleto the plant by European cli-

ents for for reprocessing. Ingwe, the coal subsidiary, reported a 129 per cent rise in income to R87m, despite disraption by heavy rains. Flood damage would hit second-half. profits, Gencor said.

Implats, the platinum producer, was hit by a furnace failure and static rand prices, and reported a 54 per cent decline in income to R24m.

#### BANK OF CREDIT AND COMMERCE INTERNATIONAL SA (IN LIQUIDATION)

## **IMPORTANT NOTICE**

The English Liquidators of BCCI SA are to apply to the High Court in London for directions in relation to the release of funds under their control pursuant to the pooling arrangements that have been entered into.

The High Court in London will hear that application at a hearing on 25 March 1996.

In particular, the Court will be asked to give directions as to the level of provisions/retentions that ought to be made by the English Liquidators before any funds under their control are released from such control with a view to the payment of a first dividend.

Any person who considers that his interests may be affected by the release of funds under the control of the English Liquidators, may appear and be represented at the hearing.

ANY PERSON WHO INTENDS TO APPEAR AT THE HEARING, OR WHO CONSIDERS THAT HIS INTERESTS MAY BE SO AFFECTED. SHOULD CONTACT THE ENGLISH LIQUIDATORS FOR FURTHER INFORMATION AT

> BCCI SA - ENGLAND MARCH HEARING CITADEL HOUSE 5/11 FETTER LANE **LONDON EC4A 1BR**

## Submission of Claims

If any creditor would like to submit a claim against BCCI SA in England but has not yet done so, please write to the English Liquidators at the address set out above.

## Fairfax warns of profits downturn

By Nikki Tait in Sydney

John Fairfax, the leading Australian newspaper publisher in which three media proprietors hold stakes, yesterday warned that full-year profits for 1995-96 would be down by up to 20 per cent on the previous year's figure.

It blamed higher newsprint costs and a larger depreciation charge in the wake of a number of capital projects. It also said it expected "current levels of subdued economic activity and business confidence to continue" in the immediate

A\$147.3m (US\$111.5m), after taking a A\$10.8m abnormal

Fairfax's warning came as the group announced a firsthalf profit of A\$62.4m after tax, down 23.2 per cent on the first half of 1994-95. Revenues were 7.3 per cent higher at A\$516m. but operating costs jumped sharply from A\$328.3m to A\$381.8m, a rise of 16.3 per

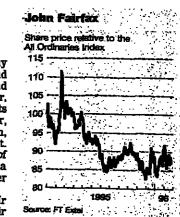
Coupled with the higher depreciation charge, earnings before interest and tax were down 17.8 per cent at A\$114.6m. Interest charges were slightly higher, at

operating profit after tax of A\$19.7m, although the tax cents to A\$2.84. The company charge fell from A\$40m to A\$31.6m. There were no signifiant abnormal items in either

> The group said that advertising volumes had been flat, or slightly weaker, for most publications. The combined classified volumes for The Sydney Morning Herald, and The Age in Melbourne, dipped by 2 per cent, for example, largely because of the subdued housing market. The rise in operating costs, meanwhile, reflected

the higher newsprint prices. Fairfax's figures came after the market closed, but the is a frequent subject of bid speculation, with Mr Conrad Black, the Canadian publisher, owning about 25 per cent of its shares, and Mr Kerry Packer. the Australian businessman having more than 17 per cent. Mr Rupert Murdoch, head of the News Corporation media group, has a much smaller

Neither Mr Black nor Mr Packer are able to raise their stakes further, because of Australia's media ownership rules (which cap both foreign investment and the degree to which one individual can control difshares had already eased 3 ferent types of media). How-



ever, if the country elects a Liberal-National coalition government in Saturday's poll, many analysts expect these restrictions to be relaxed.

## Howard Smith edges ahead | LG Electronics and cautions on slower growth posts 24% decline

By Bethan Hutton in Sydney

Half-year net profits at Howard Smith, the Australian hardware, towage and engineering group, crept up 1.9 per cent to A\$39.1m (US\$29.6m), after 43 per cent growth in the previous full financial year. Sales for the six months to December fell 1.2 per cent to A\$1.07bn.

The company's first half is traditionally stronger than the second; Dr Ken Moss, managing director, said it would be difficult to improve on the 1995 full-year result.

The lower net profit figure was partly blamed on a tax increase from 33 per cent to 36 per cent during the period, and an abnormal cost of A\$2.2m before tax, related to redundancy payments in the UK. Further redundancies in the

UK are likely this year as unchanged at 15 cents. rationalisation continues of the ● Arnotts, the Austral Alexandra towage and salvage business, acquired in 1993. Towage profits improved 13 per cent in the UK and 10 per cent <u>in</u> Australia. A downturn in residential

building activity in Australia also affected the group's BBC hardware chain, which mainly supplies professional builders. However, retail sales have risen, and the group is expanding its Hardwarehouse chain of retail superstores: 12 new outlets are due to open this year.

Late last year the group announced plans to wind down its shipping business, and some of the A\$60m to A\$80m cash expected from that divestment should start to flow in during the second half.

The interim dividend is

Arnotts, the Australian biscuit maker, cut its dividend and warned that full-year results would be below expectations, while announcing a 14.1 per cent drop in interim operating profits. The group warned in January that it would be unable to meet its forecast of 10 per cent growth this financial year.

The operating profit for the half year to December was A\$59.7m, compared with A\$69.5m. Net profit after tax and before abnormals fell 18.8 per cent to A\$38.7m from A47.6m. Net profit after tax and abnormals was 6.7 per cent higher, as there were no abnormal items this year, against a A\$17m abnormal loss last time Sales revenue grew 6.4 per cent

By John Burton in Secul

LG Electronics, South Korea's second-largest consumer electronics company, reported a 24 per cent fall in net profits to Won79.2bn (\$101m) for 1995, although sales were ahead 28 per cent to Won6,590bn

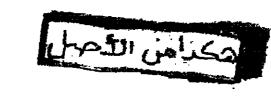
The drop in earnings was sharper than expected, reflecting sluggish consumer buying in the fourth quarter of 1995 caused by uncertainty following recent political scandals. Profits were also affected by a price-cutting war among domestic consumer electronics makers.

In addition, investments in the development of multimedia businesses and the construction of manufacturing plants for liquid crystal displays depressed profits.

LG Information & Communications, which manufactures telecoms equipment, reported an 89 per cent increase in net profits to Won22.1bn on sales ahead 52 per cent to Won512.7bn. Profit growth reflected strong demand for equipment as the Korean tele-

com market is deregulated. LG Chemical produced results below expectations with net earnings unchanged at Won91.2hn, Sales increased 19 per cent to Won3,320bn.

LG Construction reported a strong recovery, with net earnings almost doubled to Won19.6bn on sales up 45 per cent to Won1,480bn. This reflected increased orders from other LG companies and the sale of a Seoul office building to LG Semicon, the group's semiconductor manufacturer.



GA increases motor

insurance rates by 4%

# Stronger prices drive surge at Gencor

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decline

significant acquisition in continental Europe. He identified the large French and German markets as possible targets. Meanwhile it emerged that GA is considering a sharp reduction in its lossmaking London insurance market operations which have also been affected by flerce price cutting. The group has cut the marine business it underwrites from £100m in premium income to about £60m but may decide to concentrate solely on cargo insurance and parts of GA's attempts to reverse ecent steep rate reductions in

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## Kvaerner to eschew battle for Trafalgar

Andrew Taylor on the background to its friendly bid approach to the conglomerate

per cent investment in Trafalgar House, owner and developer of some of the the world's best known build-ings and ships, has been little

The British engineering, con-struction and shipping conglomerate made a pre-tax loss of £320.8m in the year to Sep-tember, taking total losses over five years to more than £700m. Shareholders have stumped up more than £900m over the same period through three

The group's share price was already languishing at 73% p when Hongkong Land, part of the Keswick family's Jardine Matheson empire, started to buy its stake in 1992. The shares had fallen to 39p before yesterday's announcement that Kvaerner was considering making a bid for all or part of Trafalgar.

The Norwegian engineering and ship-building group has not wasted much time in switching its sights to Trafalgar from Amec, a rival UK engineering and construction group. Kvaerner's hostile £360m bid for Amec was heavily defeated in December.

The desire of Mr Erik Tonseth, Kvaerner's chief executive, to develop a global offshore engineering and construction group by purchas-

The Keswick family's 26 ing a large UK concern has not waned in spite of this disap-

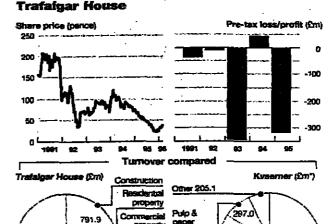
pointment. An outright bid for Trafalgar, however, would cost at least £813m at last night's closwere up 8%p at 47%p and the convertible preference stock up

9% at 71%p.
But Kvaerner may not want all of Trafalgar's businesses. The attractions for the Nor wegian group are thought to include Trafalgar's North Sea offshore engineering division. its John Brown and Davy businesses specialising in the design and construction of chemical and metal processing plant, and the group's general building and civil engineering operations.

Kvaerner already has a big offshore fabrication business mainly serving the Norwegian sector of the North Sea. It failed to break into the UK sector where Trafalgar, like Amec,

has a large market share. A takeover would create the world's largest offshore oil and gas fabrication business, bigger than either of the present market leaders, Brown & Root and McDermott of the US.

Trafalgar, in spite of heavy engineering and construction losses, has continued to win prestigious contracts in the rapidly growing economies of



15.0 Engineering

Other 37.3

Tradalger House: FT Extel The one division Kyaerner seems unlikely to want is Trafalgar's Cunard cruise business. It lost £16.4m last year after a public relations disaster

over the ill-executed refit of its QEII flagship, which prompted senior management changes. Mr Simon Keswick and Mr Nigel Rich, Trafalgar's chairman and chief executive, have

blamed poor management in the late 1980s and early 1990s for the group's continued struggles

Some of the biggest problems arose after the purchase of Davy Corporation for £114m in 1991. Davy, which had been courted for more than a decade by Trafalgar, brought with it a series of problem contracts,

including the Emerald oil production platform for Midland & Scottish Resources. These lossmaking contracts have been a serious drain on Trafalgar profits over the past five years.

The group's purchase of Sof-resid, the French engineering and construction group, also brought problems. Trafalgar's engineering division, including Davy and Sofresid, made a loss of £110.2m last year and reported provisions of £56.7m to cover restructuring costs.

The group believes, however, it reached a turning point last autumn, when net debt had risen to £229m, representing almost two-thirds of sharehold-

ers' funds of \$355m. Since then, the group has raised about £250m from the sale of the Ritz hotel in London and the group's UK house building division, Ideal Homes. Most of the trophy assets purchased before the Keswick family came aboard have now gone. The shipping business was thought to be next in line for sale, before Kvaerner's

approach.
This may still be the most likely outcome, with analysts doubtful last night whether the Norwegian group would be able to afford to mount a suc-cessful bid. Trafalgar shareholders, however, may be short on patience given the group's

## Ionica raises £50m in equity finance

By Alan Cane

Ionica, a Cambridge-based start-up company, has raised a further £50m in equity finance to fund its bid to wrest a 20 per cent share of the local telephone market from British Telecommunications, the UK's dominant operator.

Next month, it is set to

By Ralph Atkins, Insurance Correspondent

General Accident yesterday

became the first large insurer

to attempt to reverse fierce

price cutting in UK private

motor insurance. It announced

rises averaging 4 per cent from

GA announced the increases

alongside pre-tax 1995 operat-

ing profits of £436m (\$671m),

which were higher than expec-

ted and compared with a

Highlighting GA's attempts

to ameliorate deteriorating UK trading conditions, Mr Bob

Scott, chief executive, also set

the group's sights on making a

restated £434m last time.

launch an innovative, radiobased telephone service for the home and office, which will compete directly with BT and regional cable television opera-

Ionica has developed an innovative radio technology in conjunction with Northern Telecom of Canada which

allows it to connect customers at very low cost compared with

UK orivate motor market were

helped last night when Direct

Line, the UK's largest private

motor insurer, said it would

also be looking at "selective"

GA's move follows more

Results yesterday showed a

than a year of fierce price cut-

fall in GA's UK underwriting

profits last year from £200m to

ting across the sector.

Bob Scott: French and German markets were possible targets

£92m. Burst water pipes in

severe weather at the end of

1995 cost £40m but the personal

motor account also produced

an underwriting loss of £1m

against a £19m profit last time.

Mr Scott said purchases would

have to fit with existing GA

strengths in household, small

commercial, personal accident

or life markets.

On European acquisitions,

cable or copper wire.

It will be the first time BT's monopoly of the so-called 'local loop" - the connection between the local exchange and the home or office - has been challenged nationally by

a single operator. The total raised in equity since the group was awarded an operator's licence in 1991 is more than £150m, a remarkable figure for a start-up, high-technology company which has yet to sign a customer.

The new shareholders are led by CWB Capital Partners, a leading European private equity investor.

Rectification **ABN·AMRO** 

> Subordinated Floating 1992 due 2002

in accordance with the terms February 26, 1996 to August cent, and that the interes Coupon No. 8 in respect of Notes will be US\$ 132.71 Notes will be US\$ 2,654.17.

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## **General Accident** RECORD PROFIT MAINTAINED

1995 RESULT	'S	
	Year to 31.12.95 Unaudited £m	Year to 31.12.94 Audited £m
General Premiums	4,409	4,253
Net Investment Income	523	467
Underwriting Result	(130)	(71)
Life Profits	71	<b>59*</b>
Operating Profit before Taxation	436	434*
Profit Attributable to Ordinary Shareholders	382	362*
Operating Earnings per Ordinary Share	66.5p	68.1p

- Operating pre-tax profit of £436m is despite a near doubling of severe weather losses to over £100m.
- UK underwriting profit of £92m is the second best ever achieved.
- Improving trend continues in the United States.
- Reduced underwriting deficit in Canada.
- Excellent new business production from UK life.
- Final dividend of 20.3p per share making a total of 31.0p per share for the year – an increase of 6.9%.
- Net asset value up 51% to £3,380m, equivalent to 653p per share. Solvency margin 77%.

**Bob Scott, Group Chief Executive, comments:** 

"We have maintained a record operating performance in 1995 and remain confident regarding prospects for 1996".

## General Accident plc

General Accident plc, World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH A copy of the full results are available on Internet:http://www.communicata.co.uk/ga

## Barclays rises 12% and makes buy-back

By George Graham, **Banking Correspondent** 

Barclays yesterday spent £306m (\$470m) to buy 40m of its shares as it reported a 12 per cent increase in 1995 pre-tax profits to £2.08bn.

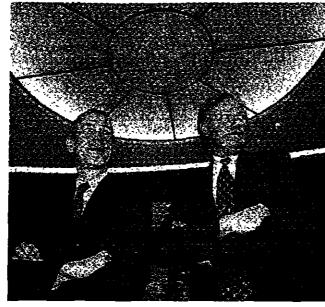
The UK clearing bank paid 765p a share, reducing its capital by about 25 per cent. Yesterday's buy-back followed the purchase of 25m shares for £180m last autumn. "We have made it very clear that we see share buy-backs as a way of managing our capital," said Mr Andrew Buxton, chairman.

Mr Buxton announced a record £83m profit-sharing bonus amounting to 8 per cent of salary, an average of £1,200 a head, for about 70,000 staff. The announcement came as Unifi, the Barclays staff union, threatened to hold a strike vote over pay and conditions.

The buy-back and the prospect of further dividend growth helped the shares to recover after an early dip in response to the relatively flat profits. They closed at 765p, down 6p, after falling as low as 753p.

The results were at the low end of expectations, but earnings per share rose more strongly than pre-tax profits up 15 per cent to 83.6p, as a result of last year's buy-back. Return on equity remained

Operating profit before provi-



Martin Taylor, left, chief executive, and Andrew Buxton: policy of making early and sensible provisions

sions fell by 5 per cent to £2.25bn as expenses rose faster

than operating income. Net provisions were cut from £602m to £396m in 1994, with some earlier general provisions transferred into the specific provision category in the second half. More than 80 per cent of its net specific provisions covered the UK, with increases in the transport and personal sectors more than offset by reductions in the leisure, man-

ufacturing, distribution and property sectors.

The reference to the transport sector was taken by many analysts to allude to Euro tunnel, but Mr Buxton said Barclays had never been one of the principal lenders and hinted that any exposure might already have been covered. "We have a policy of providing sensibly and early. And you can read into that whatever you like," he said.

#### Wimpey falls to Royal links help £16m as interest **Sleepy** charges treble Kids

£45.1m to £15.6m (\$24m) as the

UK housing market experi-

enced its worst trading condi-

tions since 1993, according to

Mr Joe Dwyer, chief executive.

Profits were also reduced by

a jump in interest payments to

construction and quarry busi-

nesss for Tarmac's housebuild-

ing operations. The deal.

approved on Monday, is due to

from £34.5m to £165m

down 2p at 134p.

Sleepy Kids, the animation The extent of the gap that and character merchandising George Wimpey, Britain's largcompany with royal connecest housebuilder, will have to tions, reported an 86 per cent close if it is to make a success jump in annual pre-tax profits of its asset swap with Tarmac from £522,745 to £978,067 was emphasised yesterday when the company announced a steep fall in 1995 profits.

Budgie the Helicopter, the tubby airborne cartoon character created by the Duchess of York, was responsible for much of the group's revenue growth in the year to October 31. The television series is exported to more than 70 countries and there are more than 135 merchandising deals. And Prince Charles' Princes

By Peggy Hollinger

Trust has engaged the company for merchandising its Mask '96 campaign, which aims to raise £1m for disadvantaged children through an auction of masks. Sales in the year to October

31 rose from £1.12m to £1.76m. Mr Martin Powell, chairman, said Sleepy Kids had also enjoyed strong performances from other cartoon projects. He added that the deal con-

cluded by the Duchess to sell her Budgie interests to a US investment group, in return for payments to cover her esti-mated £3m debts, would have no effect on the company. separately. Even so, there would be annual savings of about 25m from sharing support services. About 200 jobs

were expected to be lost. Mr Dwyer said the housing market had picked up in the first eight weeks of this year. The final quarter last year saw a 25 per cent fall in net reservations - agreed sales on which a deposit has been paid. Pre-tax profits declined from

Wimpey sales were now running at about the same level as the beginning of 1995, even though it was selling from 6 per cent fewer development sites. Operating profits from UK housing slipped from £46.2m to £28.3m.

£18m (£5.9m) as net debt rose The US, where the group suf-fered from high start costs and a depressed market in the first The figures were in line with the company's recent profits warning and its shares closed half, made an operating loss of £2.9m (£3.8m profit). The group is swapping its

Wimpey's Australian business, which specialises in sell-ing residential land, recorded operating profits of £1.4m (£4.4m).

be completed by the end of this The construction division being transferred to Tarmac Mr Dwyer said the two hous-ing businesses would be run made an opercating loss of £4.4m (£3.5m profit).

## **IOC** placing gets £19.6m valuation

By Paul Taylor

Shares in Integrated Optical Components International, which is coming to the Alternative Investment Market through a placing with institutions, are being priced at 80p each, capitalising the specialist electronic component maker at £19.6m (\$30m).

The placing by Henry Cooke, Lumsden, the stockbrokers, of 9.32m shares - representing 38 per cent of the capital - will raise £7.45m.

IOC, which was formed in 1991, designs and makes optoelectronic components, typically used to generate signals in fibre optic telecommunications networks enabling fibre optic strands to carry informa-

 Easynet Group, an Internet service provider with some 5.000 customers, has issued its prospectus for joining

It will have a market of £14.3m (\$22m) following the placing of 1.43m shares at 100p and an open offer for the same Online database supplier

MAID recently bought a 15 per cent stake for £1.5m and appointed Easynet as its preferred Internet service provider in the UK and France. • Treatt, the essential and

aromatic food oil manufacturer, is seeking to raise £1.43m (\$2.2m) from a placing at 305p of 479,770 ordinary shares. Proceeds will be used to reduce borrowings and increase production capacity.

## LEX COMMENTS

## UK gaming hits the jackpot

British gaming companies hit the jackpot yesterday. with the government promis-Relative to the Al-Share ing wholesale deregulation for both bingo and casino operators. The proposals demonstrate significant guilt at the impact the National Lottery has had on other gambling businesses. The Lottery's "It could be You" slogan unequivocally encouraged greed rather than charity, which seemed unfair, given the archaic

restrictions faced by its natural competitors. The consultation paper makes a good stab at levelling the competitive playing field. Proposed changes to bingo regulation, such as easing advertising restrictions and removing the 24-hour waiting period for membership, were expected. After all, bingo is hardly hardcore betting. But the casino operators

is the prospect of casinos in 13 more locations in Britain. This is excellent news for Rank and, to a lesser extent, Ladbroke Stakis and Stanley Leisure. The introduction of gaming machines to betting shops was proposed a year ago, and is still pending. Under that time frame, the latest proposals could run into a general election

have really come up trumps. Casinos will be able to increase

the number of gaming machine - the real cash generators in US casinos - from two up to 64, depending on the number of gambling tables. Membership restrictions are eased, and there

and a new government which might not see political capital in encouraging gambling. Buying casino company shares is also a flutter on the longevity of the Tory government.

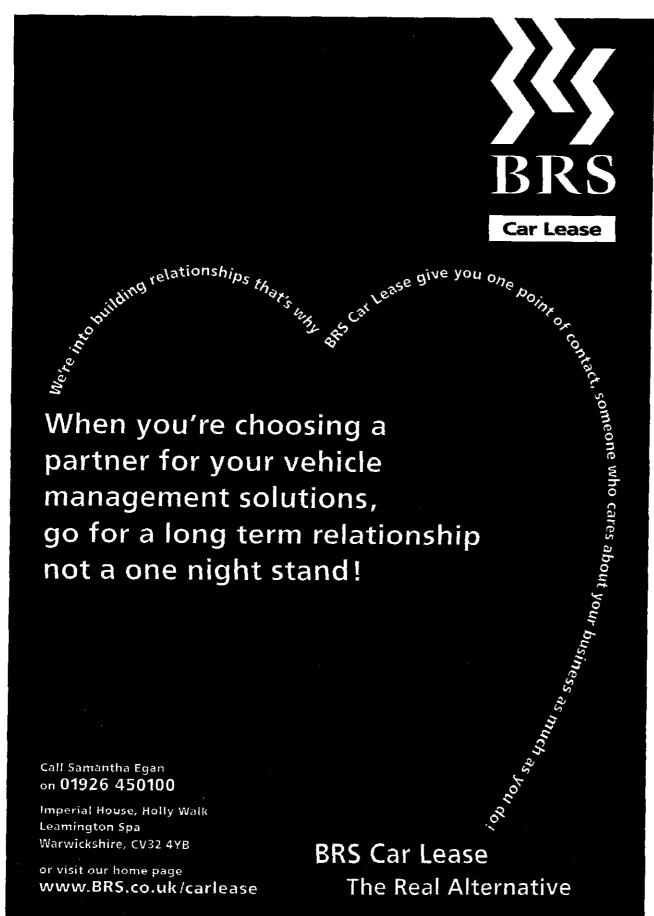
#### Barclavs

On an assault course, every pound you can shed is a help. Barclays, which wants consistently to hurdle a target 15 per cent return on equity, has therefore decided to shed some more excess capital. Even after yesterday's £300m share buy back, its capital ratios will still be easily strong enough to fund a bank whose customer loans have shrunk in each of the past three years.

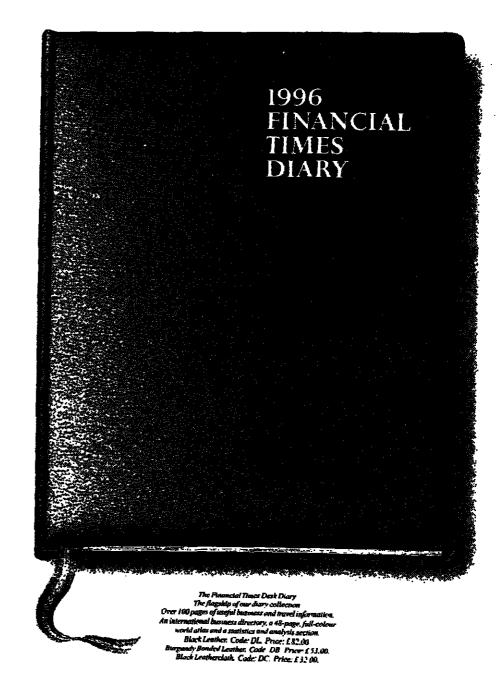
Rivals like Lloyds TSB and National Westminster have responded to mature markets by trying to buy market share. But with banks' cost of equity currently about 12 per cent and the yield on a deal like NatWest's purchase of Gartmore nearer 5 per cent, acquisitions can dilute overall returns. Of course, cost cutting and synergies can make a deal pay. But Barclays' idea of handing back some of that expensive equity to shareholders looks much less risky.

What is less clear is whether Barclays' caution means it will miss out on the industry's wave of consolidation. In Britain at least, Mr Martin Taylor, Barclays' chief executive, argues, it is already big enough to compete on all fronts. Instead, he wants to squeeze more cash out of the group's existing portfolio. Improving free cash flow - £1.3bn last year - should allow further buy-backs and above average dividend growth. But while he is squeezing cash, Mr Taylor must not neglect costs. These rose by an underlying 5 per cent last year - faster than at the peer group - as Barclays spent heavily on people and technology. It would be a shame if today's leaner Barclays started putting on weight again.

RESULTS - Yr to Dec 31 - (-) - Yr to Dec 31 87 (73.8 ) - Yr to Dec 31 141 (91.2 ) - Yr to Dec 31 44.2 (36.7 ) - Yr to Dec 31 6.95 (4.56 ) - Yr to Dec 31 5.917(1) (5.140(2)) 2,083 9,42 3,36 7,17 0.6311.4 559 12,14 42,4 0.1241.4 1,58 1,76 0,97 35,5 1,37 15,6 11.8† 16.2† 14.53 0.83L 82.8 10.5† 35.4† 0.96L 8.8 5.4 2.96 17.3 (1.47♥) (5.62 ) (0.987♥) (504 ) (7.3♠) (35.1 ) (4.55♥) (1.4 ) (1.49 ) (0.52 ) (45.1♥) Domnick Hunter English & O'seas General Accident (123.3 ) (92 ) (- ) (19.7 ) (17.9 ) Yr to Dec 31 . Yr to Dec 31 . Yr to Dec 31 (13.62 (8.3 ) (4.6 ) . 6 miths to Dec 31 6 miths to Dec 31 18.5 1.76 ... Yr ito Det 31 . Yr to Dec 31 254.8 Yr to Dec 31 (39.8½ ) (183.88) (138.85) (2.7 ) (9.55 ) (1.12 ) (1.57 ) (0.12 ) ... 9 mths to Jan 31 0.364 4 9.2 9.61 0.406 . Yr to Dec 31 9.48 161.31 (0.282 ) (9.95 ) (0.069 ) 206.46 (179.33) Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. Watter exceptional credit. †On increased capital. | Premium Income. Strish currency. SUSM stock. \*\* Restated. \*\* Comperatives restated. \*\*At April 30. \*\*Third interim: makes 3p to date.



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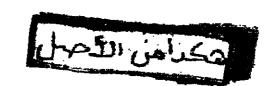
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FEBRUARY &

TC's a lagge

Leisure & Hotely

US\$6 a troy ounce last year, and even as high as \$8, are biding their time for another push upwards, analysts sug-Silver failed to reach \$6 in 1995 in spite of an imaginative "sting" that involved the metal disappearing from New York Commodity Exchange warehouses, where it was highly visible, followed by a squeeze on the London bullion market's liquidity. This took place against a backdrop of strong demand from India, the biggest

Mining Correspondent

syndicates that

essfully tried to manip-

ulate the price of silver above

Yesterday the CPM Group, a New York-based consultancy,

pointed to changes in market conditions when presenting its annual silver survey, which is sponsored by 14 corporations representing every sector of the silver market.

seeking \$8 an ounce'

The survey said that at the beginning of 1996 global stocks of silver - used mainly in photographic film, jewellery and electronics - fell below 700m ounces, from about 900m ounces at the end of 1994. Much of the remaining stock came under the control of new investors, including institutional investors, which had long-term objectives.

These investors appeared unwilling to supply silver to the market at current prices. Instead, they appeared to have price targets of \$8 [an ounce] and higher." CPM suggested. Reported market stocks fell

to 212.8m ounces, their lowest level since June 1983, said CPM. Much of the silver moved from reported stocks went to "While London vaults are

full of silver, the metal is neither for sale nor lease, suggest-ing that the entities holding this metal are investing in silver and are not dealers or banks." CPM added.

Mr Jeffrey Christian, CPM's managing director, implied that the \$8 target would not be reached this year when he predicted that silver would average \$5.86 an ounce, up from \$5.20 in 1995. He said the price would go above \$6 at some point in 1986 but it would take "some major scares" in the US presidential election to force it above \$7.

## Placer to raise gold output

**By Bernard Simon** in Toronto

Placer Dome, the mining group based in Vancouver, expects to boost net gold output by at least 650,000 to 700,000 ounces a year to meet a production target of 2.5m ounces in 1998. Company officials predicted yesterday that five new projects in North and South Amer-

ica and Australia will raise annual production by about 750,000 to 850,000 ounces, which would more than offset an expected decline in output from the Misima and Porgera mines in Papua New

Much of the planned increase depends on Placer receiving the go-ahead for its 70-per-cent-owned Las Cristinas property in Venezuela, where production is expected to start in mid 1998 at a rate of about 420,000 ounces a year.

Placer is due to complete a mine feasibility study at Las Cristinas next month. However

including royalty payments and Campbell mines in and foreign exchange controls, have yet to be resolved. "The question of when (the project will come on stream] is more up to Venezuela than to us," Mr John Willson, Placer's chief

executive, said. Placer hopes that a drilling programme at Las Cristinas will uncover a source of high-grade ore to improve the economics of the mine in its early stages. Initial indications point to possible extra reserves of 10m tonnes with a grade of 2 grams per tonne of gold and 0.6 per cent copper.

The company announced plans last week to proceed with construction of the 68-percent-owned Musselwhite mine in northern Ontario.

Placer's 1998 production tar-get also includes an expansion of the Cortez property in Nevada, the Mount Rawdon heap leaching project in Australia and the Mulatos project in Mexico.

Modest expansions are

Ontario.

Placer's 1995 earnings were dented by a US\$42m charge for a costly misadventure in Kazakhstan. Placer sold its 27.5 per cent stake in the Vasilkovskoye gold project late last year after the ore body failed to meet expectations and the project took a disproportionate amount of management

The charge included a \$35m refundable "bonus" paid to the Kazakh government, which is due to be repaid before July. Mr Willson said that the Kazakh authorities had acknowledged the debt, but that "it's very well known that they're short of cash".

Mr Willson expressed optimism that strong jewellery demand in Asia and falling output in South Africa would support the gold price. But he said "we'd be doing well" if the price averaged \$400 an ounce this year. Placer has based its planning on a price of around planned at the existing Dome

#### Silver syndicates 'still | Chile's islanders net an aquatic earner Sarah Provan reports on an island that produces more farmed salmon than Scotland Trucks laden with refrigerator November last year this earned

crates and cases of fishmeal queue up alongside crowded buses to wait for the car ferry. the only link between the island of Chiloé and mainland Chile. Recently the queue of traffic for the frequent service across the Canal de Chacao has grown, thanks to an industry which has revitalised the island's economy.

Chiloé, which means land of the seagulis, lies just off the coast of southern Chile 1,300km (800 miles) from Santiago. The nearest big mainland town is Puerto Montt 60km away. The Chilotes, as the islanders are called, barter goods from their traditional activities of fishing, farming, tending sheep and weaving

Historically the 130,000 islanders have always been a people apart, with their own folklore and traditions. Now salmon farming, introduced to Chile in the 1970s, has reformed the island's economy and seems to be bridging the gulf between Chiloe and the mainland.

Chile is the world's secondlargest salmon producer after Norway. The country produces three varieties of salmon, the Atlantic, Pacific or coho, and large trout. The gutted weight production for 1995 was 99.800 tons, compared with 75,678 tons the previous year, according to ligures from the International Salmon Farmers Association. Between January and

\$456m, an increase of more than 23 per cent on the \$348.7m earned in 1994, according to figures from the Chilean Association of Salmon and Trout Producers. This is a far cry from the pre-boom days of 1981 when the industry produced just 50 tons.

Norway's output in 1995 was 245,000 tons, and Scotland, which only produces Atlantic salmon, totalled 73,000 tons in 1995 and 57 600 tons in 1994 Aquaculture has awakened

the island's industry, says Mr Sandro Rezzio, the site manager at SalmoAmerica's Atlantic salmon plant in Manao on the northern shores of Chiloe. "but it's more a question of re-educating the people. Rather than earning well for one week out of three, and frittering away that one week's pay on drink, the Chilote has had to be re-educated. He has had to learn how to work for four weeks in a row and manage his salary.

The salmon industry has transformed the island since its introduction in the mid 1970s. Chilotes used to send their children away to work. for example to neighbouring Argentina, because there was not enough land for small landowners. Now the lakes and inlets have taken over from the fields as the main money spinner. Salmon farming has provided 15,000 jobs for the southern Chilean islands, a region where work is scarce.



SARAH PROVAN Fresb catch: workers process salmon off the island of Chiloè

Mr Thomas Kehler, director of SalmoAmerica, agrees: "The salmon industry has opened up the island [economically]. Before the introduction of salmon there were no opportunities for permanent employment: it was mostly a subsistence living being eked out, particularly with agriculture mostly potatoes - fishing and

Mr Kehler sees Chiloé as the ideal site for salmon production. "It's an island, with an inland sea with waters relatively protected, especially compared with the Pacific ocean. It would be impossible to maintain sea cages in exposed areas of the Pacific. The island's geography is ideal, forming sheltered bays and fjords for the pens."

Southern Chile, and particularly Chiloé, which is 180km long by 50km wide, offers unique environmental characChilean industry.

teristics which suit salmon farming. At a similar latitude to Portugal, sea temperatures around Chiloe are influenced by the Humboldt current, a cold ocean current which carries water north from the Antarctic. This limits the change in sea temperature to between 9°C and 14°C, ideal for producing salmon all year round. The area also has extreme tidal differences, which bring rich nutrients and constant water

Chile also has a ready supply of fishmeal. Chile and Peru. with their long coastlines and variety of fish, such as anchovies, horse mackerel and sardines, are the world's largest fishmeal producers. Some 75 per cent of Chile's fish is made into fishmeal.

Apart from providing the islanders with regular employment, the salmon industry has opened up subsidiary activities, such as transportation and manufacturing fishing

nets and cages. Mr Kehler says labour costs are slightly cheaper than those of northern competitors. However, he points out that Chile faces a big disadvantage from the long distances to the main markets. Because of this Mr William Crowe, chief executive of the Scottish Salmon Growers Association, is sceptical about the prospects for the

"Chile benefited from leapfrogging the technology." Mr Crowe admits, "but they now seem to be getting into trouble as bugs are coming into the system." He added that if they continued to expand at the same rate, they would have to move into Aisen and Magallanes, the southern regions of mainland Chile, where communications and roads in the broken mountainous coastal area are inadequate. In addition the water temperatures in the fjord-ridden 11th region are similar to those in Norway, which would prevent year-round farming.

Another growing problem for Chile is attacks from the ubiquitous sealions which roam the coastal seas and view the salmon pens as an easy food supply.

The salmon industry has discovered that the relatively unchartered waters of Chile have a lot to offer, particularly if Chile can find and develop markets closer to home.

#### MARKET REPORT

#### Nickel price fall leads weaker market London Metal Exchange prices LME stocks start rising," said 2,125 tonnes, which helped sup-

continued to weaken yesterday with nickel experiencing the biggest fall. Its price was down by 2.4 per cent to \$8,035 a tonne following a 1.9 per cent fall on Monday. "From a fundamental per-

spective, we would not be surprised to see further short-term weakness in nickel prices. although we would not aggressively short the market until

E COCOA LCE (£/tonne)

Mr Jim Lennon, analyst at Macquarie Equities. Mr William Adams, analyst an impact on sentiment.

at Rudolf Wolff, said that technically the nickel market looked very weak. "But having fallen \$500 in three days prices might need to pause before heading lower again." Then the price could go to \$7.400 a

LME copper stocks fell by

port its price. Other stock changes were too small to have

(As at Thursday's tonnes	close)	
Alumetum	+2,925	to €78,050
Atumentum alloy	+560	to 71,760
Copper	-2,125	ණ 350,925
Leed	-2,750	102,475 مة
Nickel	+5	<b>≥ 39,700</b>
Zinc	-1975	to 635,475
Tin	-135	10 10.410

## South African road accident Mr Bob Dighton, one of the

South Africa.

Emily, 7, who had joined him at the end of a business visit, also died. Mr Dighton, 39, was

He first worked with Mr Tim Hoare at Laing & Cruikshank from 1985 to 1990 and rejoined him when T. Hoare was set up

Mr and Mrs Dighton lived in well-known in the mining Bexley, Kent, and are survived industry, having previously by their son Justin, 22.

## COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

M. A. UMANNUM, 99.7 PURITY (\$ per.tonne) . . .

several regulatory issues.

	thought 62 be	1. torinal
-	Cash	3 milis
Close	1574,5-75.5	1605-1605.5
Previous	1575.5-76.5	1605.5-1606
High/low	1573	1612/1602
AM Official	1571-72	1602-1902.5
Narb close		1609-10
Open Int.	217,049 47,585	
Total daily turnover		
ME ALUMINIUM ALL	UT (5 per tonne	9
Close	1343-48	1378-82
Previous	1340-50	1375-80
High/low		1385/1376
AM Official Kerb close	1338-40	1375-76 1380-83
Open unt.	4.953	1300-03
Total daily turnover	669	
LEAD (\$ per tonne		
Close	769.5-70.5 782.5-93.5	765-68 778-78
Previous High/low	762-5-93.5 773	775-76 7 <del>69-6</del> 4
AM Official .	773-74	767-67.5
Kerb close		767-68
Open Int.	36,726	
Total daily tumover	6,967	
NECKEL (\$ per ton	ne)	
Close	7920-30	8030-40
Previous	8115-25	8225-30
High/low	7910	8100/7980
AM Official	7910-15	6005-15
Kerb close		8085-95
Open int. Total daily turnover	40,826	
	19,743	
H TIN (5 per tonne)		
Close	6145-55	6215-20
Previous	6175-85	6240-50
High/low	6175/6170	6240/6200 6230-35
AM Official Karb close	6185-70	6220-35
Open int.	16,690	JEE
Total daily turnover	3.881	
E ZINC, special high	n grade (\$ per 1	tonne)
Close	1023-24	1042-43
Previous -	1032-33	1050-51
High/low	1024	1047/1041
AM Official	1023-23.5	1042-42.5
Kerb close		1046-47
Open Int.	78,509	
Total daily turnover	34,210	
W COPPER, grade A		<del></del>
Close	2530-32	2492-93
Previous	2535.5-37.5	2498-99
High/low AM Official	2530/2528	2502/2487 2493-94
Kerb close	2530-31	2495-96
Open int.	169,577	
Total daily turnover	50.318	
W LME AM Official	2/\$ rate: 1.540	5
LME Closing 2/\$		

Sett Bay's price change High Low Vol int 116.25 -1.85 118.30 115.75 818 511 116.10 +1.15 116.20 175.20 4515 12.255 114.80 +0.93 114.80 114.50 65 1.955 112.90 +0.65 114.30 113.30 3,323 15.144 112.50 +0.70 112.60 172.80 3 3,723 113.10 113.30 4.65 3,853 114.80 +0.90 114.80 114.50 65 1,896 113.90 +0.65 114.30 113.30 3,323 15,144 112.60 +0.70 112.60 112.60 3 735 111.30 +0.65 111.50 110.90 456 3,863 PRECIOUS METALS

Spot: 1.5399 3 miller: 1.5367 6 miller: 1.5328 9 wither: 1.52

E LONDON BULLION MARKET (Prices supplied by N M Rethachild \$ pncs 399.00-399.50 Gold/(Troy co) \$ price Close 399.00-389.50 Opening 388.80-389.20 Moming fix 398.75 Afternoon fix 398.50 Oby's High 399.80-400.00 Oby's Low 397.50-397.90 Previous close 398.10-398.50 398.80-399.20 398.75 398.50

Loco Ldn Mean Gold Lending Rates (Vs USS ....A.03

3 months 548.50 555.10 3 months 5 months 1 year 360.95 365.55 374,85 561.05 572.40 Gold Coins Krugerrand Maple Leaf £ equiv. 258-260 410.45-413.00 60-62

Precious Metals continued GOLD COMEX (100 Troy oz.; \$/troy oz.) Sett Day's Open price change fligh lew \_Vol , int . 398.3 -1.0 399.9 398.5 86 80 399.6 -1.0 401.7 398.7 21.416 110.179

Aog	402.2	-1.0	404,3	401.3	4,098	37,092
	404,3	-1.D	406£	404.0	235	11,601
Oct	406.5	-0.9	406.0	406.0	16	3,664
Dec	408.7	-0.8	411,0	409.2	119	
Total						219,873
E PL	ATINUM	NYME	(50 Tr	oy oz.;	S/troy o	<u>ız.)                                    </u>
Age	410 1	-21	4130	409.7	3.071	14,667
Jul	412.3	-21	415.0	412.0	507	4,642
Oel .	414.6	-21	418.0	415.0	136	1,530
مطر	4166	-2.1	417.5	417.0	70	174
Total					3,784	21,008
E PAI	LADIUM	NYM	X (100	Troy or	z.; S/tro	y az.)
War -	139 85		140,60	139.75	296	1,953
James James	141.25	-0.55	142.00		518	5,328
Sap	142.50		143.25		3.0	109
Dec	143.75	-0.55			15	73
Total	1-0.75	-0.05			819	7,483
	VER CO	MEY /S	aan Tw	w 07 - 6		-
				, u.,		
Feb	545.2	-25			1	
Mar	545.2	-25	553.0		15,066	
May	550.4	-2.5	558.5	549.5 555.0	10,090	
	555.3	-24	583.0		88	10,746
Sep	559.6 566.0	-23 -22	568.0 575.0	561.5 568.0	206	10,534 7,109
Deç Total	300.0	722		3,0.0	28,712	
ENIE	RGY					
						<b>-</b>
E CR	DDE OIL	NYME	x (42.0	N US (	pals. \$/	oarrei)
	Latest	Day's				Ореа
	price	change	High	Low	Yel	İmi
Apr	19.67	+0.28	19.78	19.20	39,554	99,767
May	18.86	+0.15	18,97	18.42	14,793	58,030
) Jan	18.35	+0.08	18.48	7815		44,370
100	17.99	+0.04	18.09	17.86	3,610	
Aug	17.76	+0.02	17.85	17.75		17,180
Sep	17.57	<b>-0</b> 01	17.68	17.55		17,248
Total					75,837	101,101
■ CR	NDE Off	IPE (\$/	barrel)			
	Latest	Day's			٠.	Open
	price	change	High	Low	Vol	lat
Apr	17.99	+0.19	18.10	17.71	17,385	61,451
May	17,27	+0.09	17,37	17.10	12,543	37,093
Jos	16.84	+0.01	16.94	15.77		25.718
			1662	16.50	2,885	27,988
Jul	16.58	+9.03				
ومار	16.37	+0.03	16.38	16.27	1,220	6,128
Jug Sap			16.38 16.28	16.27 16.16	1,000	9,689
Sap Total	16.37 16.22	+0.03	16.26	16.16	1,000 44,837	9,689 8 <b>9,86</b> 5
Sap Total	16.37	+0.03	16.26	16.16	1,000 44,837	9,689 8 <b>9,86</b> 5
Ang Sap Total	16.37 16.22	+0.03 +0.03	16.26	16.16	1,000 44,837	9,689 8 <b>9,86</b> 5
Ang Sap Total	16.37 16.22 ATING O	+0.03	16.26	16.16	1,000 44,837	9,689 1 <b>89,88</b> 5 gade.)
Ang Sap Total SL HE/	18.37 16.22 ATTING O Latest price	+0.03 +0.02 H_ KYME Day's change	16.26 X (42,00 High	16.16 0 US gai	1,000 44,8371 8.; c/US	9,689 (89,805 gath.) Open Int
Ang Sep Total M. HE/	18.97 16.22 ATTING O Latest price 64.35	+0.03 +0.02 H_ KYME	16.26 X (42,00	16.16 0 US gai	1,060 44,8371 &; c/US Voi 15,553	9,639 (89,805 gate.) Open Int 17,208
Ang Sep Total M. HE/ Mar Apr	18.37 16.22 ATTING O Latest price	+0.03 +0.02 IL KYME Day's change +1.50	16.26 X (42,00 High 54.90	16.16 0 US gal 1.0w 62.50	1,000 44,8371 8a.; c/US Voil 15,553 11,470 3,177	9,639 (89,825 gath.) Open Int 17,208 28,773 11,585
Aog Sep Total M. HE/ Mar Apr May Jaco	18.37 16.22 ATING O Latest price 64.35 56.15 51.05 49.30	+0.03 +0.02 H_ KYME Day's change +1.50 +0.81 +0.36 +0.16	16.25 X (42,00 High 54.90 55.80 51.40 49.60	16.16 0 US gal 1.0 W 62.50 54.20 50.70 47.65	1,000 44,8371 8a.; c/US 15,553 11,470 3,177 1,808	9,689 (89,805 (pells.) Open Int 17,208 26,773 11,585 11,481
Ang Sep Total M. HE/ Mar Apr May Jan Jal	18.37 16.22 ATING O Latest price 64.35 55.15 51.05 49.30 48.70	+0.03 +0.02 EL KYME Day's change +1.50 +0.81 +0.16 +0.16 +0.01	16.25 X (42,00 High 54.90 55.80 51.40 49.60	16.16 0 US gal 1.0W 62.50 54.20 50.70 47.65 48.40	1,000 44,837 1 8c; c/US 15,553 11,470 3,177 1,808 486	9,689 (89,805 galls.) Open Int 17,208 28,773 11,585 11,481 8,121
Ang Sep Total III. HE/ Mar Apr May Jun Jun Jun Jun Jun Jun Jun	18.37 16.22 ATING O Latest price 64.35 56.15 51.05 49.30	+0.03 +0.02 H_ KYME Day's change +1.50 +0.81 +0.36 +0.16	16.25 X (42,00 High 54.90 55.80 51.40 49.60	16.16 0 US gal 1.0 W 62.50 54.20 50.70 47.65	1,000 44,837 1 44,837 1 15,553 11,470 3,177 1,808 486 447	9,689 (89,805 gaths.) Open Int 17,208 28,773 11,585 11,481 8,121 4,455
Ang Sep Total M. HE/ Mar Apr May Jul Ang Total	18.37 16.22 ATTING O Latest price 64.35 55.15 51.05 48.30 48.70 49.00	+0.03 +0.02 H_ KYME Day's change +1.50 +0.81 +0.36 +0.16 +0.01	16.26 X (42,00 High 54.90 55.80 51.40 49.80 49.20	16.16 0 US gal 1.0W 62.50 54.20 50.70 47.65 48.40	1,000 44,837 1 8c; c/US 15,553 11,470 3,177 1,808 486	9,689 (89,805 gaths.) Open Int 17,208 28,773 11,585 11,481 8,121 4,455
Ang Sep Total M. HE/ Mar Apr May Jul Ang Total	18.37 16.22 ATING O Latest price 64.35 55.15 51.05 49.30 48.70	+0.03 +0.02 H_ KYME Day's change +1.50 +0.81 +0.36 +0.16 +0.01	16.26 X (42,00 High 54.90 55.80 51.40 49.80 49.20	16.16 0 US gal 1.0W 62.50 54.20 50.70 47.65 48.40	1,000 44,837 1 44,837 1 15,553 11,470 3,177 1,808 486 447	9,689 (89,805 gaths.) Open Int 17,208 28,773 11,585 11,481 8,121 4,455
Ang Sep Total M. HE/ Mar Apr May Jul Ang Total	18.37 16.22 ATSING O Latest price 64.35 55.15 51.05 48.30 48.70 49.00	+0.03 +0.02 EL KYME Change +1.50 +0.81 +0.96 +0.18 +0.01 +0.01	16.26 X (42,00 High 54.90 55.80 51.40 49.80 49.20	16.16 0 US gal 1.0W 62.50 54.20 50.70 47.65 48.40	1,000 44,837 1 44,837 1 15,553 11,470 3,177 1,808 486 447	9,639 (89,805) (2084) (2084) (2087) (
Ang Sep Total M. HE/ Mar Apr May Jul Ang Total	18.37 16.22 ATING O Latest price 64.35 55.15 51.05 49.30 49.70 49.00 S OHL PE	+0.03 +0.02 IL KYME Day's change +1.50 +0.81 +0.96 +0.16 +0.01 +0.01 Day's	16.26 X (42,00 High 54.90 55.80 51.40 49.80 49.80 49.20	16.16 0 US gal 1.0W 62.50 54.20 50.70 47.65 48.40	1,000 44,837 1 44,837 1 15,553 11,470 3,177 1,808 486 447	9,639 (89,805) (peta.) (Open Int 17,208 20,773 11,585 11,481 6,121 4,455 95,389
Ang Sep Total Mar Apr May Jun Jun Jun GAI	18.37 16.22 ATING O Latest price 64.35 55.15 51.05 48.30 48.70 49.00 S OHL PE	+0.03 +0.02 ti_ KYME Day's change +1.50 +0.86 +0.16 +0.01 +0.01 S700000	16.26 X (42,00 High 54.90 55.80 51.40 49.80 49.80 49.20	18.16 0 US gai 1.0W 62.50 54.20 54.20 47.65 48.40 48.90	1,000 44,8371 5s.; c/US 15,553 11,470 3,177 1,808 486 447 33,577	9,629 89,805 gath.) Open Int 17,208 26,773 11,585 8,121 4,455 95,389 Open Int
Ang Sep Total Mar HE/ Mar Apr Mary Jun Jun Jun Jun Total Mar GA/	18.37 16.22 ATUNG C Unitest prites 64.35 55.15 51.05 48.30 48.70 49.00 S OH PE Sett prices 178.00	+0.03 +0.02 EL KYME Change +1.50 +0.81 +0.96 +0.01 +0.01 S70000 -5	16.26 X (42,00 High 54,90 55,80 49,80 49,80 49,80 49,20 49,20	18.16 0 US gal 1.0w 62.50 54.20 50.70 47.65 48.90	1,000 44,837 1 8c; c/US 15,553 11,470 3,177 1,808 486 447 33,577	9,699 189,805 paris.) Open Int 17,208 28,773 11,585 11,585 11,585 11,585 11,585 11,585 14,455 95,389 Open Int 12,389
Ang Sep Total Mar Apr May Jan Jan Jan Ang Total Mar Apr	18.37 16.22 ATENG C Latest price 64.35 55.15 51.05 48.30 48.70 49.00 S OH. IFE price 178.00 151.00	+0.03 +0.02 EL NYME Day's change +1.50 +0.81 +0.91 +0.91 +0.91 \$70000 \$70000 +1.50 +1.50 +1.50	16.26 X (42,00 High 54.90 55.80 51.80 49.00 49.20 High 178.55 181.75 155.50	18.16 0 US gal 1.0W 62.50 54.20 54.20 54.765 48.40 48.90 Low 173.25 159.25 154.25	1,000 44,837 t 44,837 t 15,553 11,470 3,177 1,808 486 447 33,577 Vol 15,213 10,183 1,306	9,899 189,805 park.) Open Int 17,208 28,773 11,585 11,485 95,389 Open Int 22,387 12,811 7,318
Ang Sap Total III. HE/ May Jul Ang Total III. GAI May Jun Jul Ang Total III. GAI	18.37 18.22 ATRNG O Latest price 64.35 55.15 51.05 48.30 48.70 48.00 5 OH. IFE Sett price 178.00 151.00 152.25	+0.03 +0.02 EL KYME Day's change +1.50 +0.81 +0.91 +0.91 +0.91 (\$70000 +5.00 +1.50 +5.00 +1.50 +0.25	16.26 X (42,00 High 54.90 S5.80 51.80 49.00 49.20 High 178.50 181.75 153.55 153.25	18.16 0 US gai 1.0W 62.50 54.20 547.65 48.40 48.90 173.25 159.25 154.25 151.50	1,000 44,8371 8c; c/US 15,553 11,470 3,177 1,808 486 447 33,677 Vol 13,213 10,193 1,306 1,734	9,899 39,805 gefs.) Open Int 17,208 26,773 11,585 11,481 8,121 4,455 95,389 Open int 22,397 12,618 7,040
Ang Sap Total Mar Apr Jul Jul Ang Total Mar Apr Jul Ang Total Mar Apr Jul Ang Jul	18.37 18.22 ATRING O Latest price 64.35 55.15 51.05 49.00 8 OH_PE Sett price 178.00 157.00 152.25 151.25	+0.03 +0.02 EL KYME Day's change +0.81 +0.96 +0.16 +0.91 F20000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F3000000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F3000000 F300000 F300000 F300000 F300000 F300000 F300000 F3000000 F3000000 F300000000	16.26 X (42,00 High 54,90 55,40 49,50 49,50 49,50 178,50 181,75 153,25 153,25 153,25 153,25	18.16 0 US gal 1.0 W 62.20 54.20 54.20 47.65 48.40 48.90 173.25 154.25 154.25 154.25 151.50	1,000 44,8371 44,8371 15,533 11,470 3,177 1,808 486 486 486 487 33,577	9,899 39,805 gata.) Open Int. 17,208 28,773 11,685 11,485 95,389 Open int. 22,397 12,511 7,318 7,018 4,861
Aug Sap Total Shar Apr May Jun Jun Jun Apr Jun Apr Jun Jun Apr Jun Jun Apr Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	18.37 18.22 ATRNG O Latest price 64.35 55.15 51.05 48.30 48.70 48.00 5 OH. IFE Sett price 178.00 151.00 152.25	+0.03 +0.02 EL KYME Day's change +0.81 +0.96 +0.16 +0.91 F20000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F3000000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F300000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F30000 F3000000 F300000 F300000 F300000 F300000 F300000 F300000 F3000000 F3000000 F300000000	16.26 X (42,00 High 54.90 S5.80 51.80 49.00 49.20 High 178.50 181.75 153.55 153.25	18.16 0 US gal 1.0 W 62.20 54.20 54.20 47.65 48.40 48.90 173.25 154.25 154.25 154.25 151.50	1,000 44,637 1 42, 2/US Yeal 15,553 11,470 3,177 1,508 447 33,577 Yeal 15,213 10,193 1,306 1,734 97 18	9,899 89,805 gaths) Open Int 17,208 26,773 11,585 11,481 4,455 95,389 Open Int 22,597 17,318 7,040 4,861 7,040 4,864
Ang Sap Total Sap Total Mar HE Mar May Jun May Jun GA Jun GA May Jun M	18.37 18.22 ATENIG O Latest price 64.35 55.15 51.05 48.00 48.00 5 Oil. PE Sett price 178.00 151.00 152.05 151.25 151.25	+0.03 +0.02 EL KYNE Charge +1.50 +0.61 +0.01 +0.01 +0.01 +0.01 F5.00 +1.50 +5.00 +1.50 +0.25 +0.25	16.26 X (42,00 High 54,90 51,40 49,90 49,20 High 178,75 153,59 153,25 151,75	18.16 0 US gal 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 151.50 151.50	1,000 44,637 1 42, 24,6 15,553 11,470 3,177 1,508 487 447 33,577 10,163 1,306 1,734 97 18 28,022	9,889 89,805 path.) Open Int 17,208 26,773 11,585 11,485 86,389 Open Int 22,397 12,611 7,318 7,040 4,857 4,859 84,579
Ang Sap Total Sap Total Mar HE Mar May Jun May Jun GA Jun GA May Jun M	18.37 18.22 ATRING O Latest price 64.35 55.15 51.05 49.00 8 OH_PE Sett price 178.00 157.00 152.25 151.25	+0.03 +0.02 EL KYNE Charge +1.50 +0.61 +0.01 +0.01 +0.01 +0.01 F5.00 +1.50 +5.00 +1.50 +0.25 +0.25	16.26 X (42,00 High 54,90 51,40 49,90 49,20 High 178,75 153,59 153,25 151,75	18.16 0 US gal 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 151.50 151.50	1,000 44,637 1 42, 24,6 15,553 11,470 3,177 1,508 487 447 33,577 10,163 1,306 1,734 97 18 28,022	9,889 89,805 path.) Open Int 17,208 26,773 11,585 11,485 86,389 Open Int 22,397 12,611 7,318 7,040 4,857 4,859 84,579
Ang Sap Total Sap Total Mar HE Mar May Jun May Jun GA Jun GA May Jun M	18.37 18.22 ATING O Latest prices 54.35 55.15 51.05 49.00 8 OH. PE Sett prices 178.00 151.00 152.05 151.25 151.25 151.25	+0.03 +0.02 EL KYME +1.50 +0.81 +0.91 +0.91 +0.91 +0.91 +0.91 +0.91 +0.91 +0.92 +0.93 +0.93 +0.94 +0.9	16.26 X (42,00 High 54,90 51,40 49,90 49,20 High 178,75 153,59 153,25 151,75	18.16 0 US gal 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 151.50 151.50	1,000 44,637 1 42, 24,6 15,553 11,470 3,177 1,508 487 447 33,577 10,163 1,306 1,734 97 18 28,022	9,889 89,805 path.) Open Int 17,208 26,773 11,585 11,485 86,389 Open Int 22,397 12,611 7,318 7,040 4,857 4,859 84,579
Ang Sap Total Total Mar Apr May Juni Ang GAJ May Juni Ang GAJ May Juni Juni Juni Juni Juni Juni Juni Juni	18.37 16.22 ATENIG O United price 64.35 55.15 51.05 49.00 8 OH. IFE Sett price 178.00 157.00 152.25 151.25 151.25	+0.03 +0.02  IL WYME -1.50 +0.81 +0.81 +0.18 +0.01  S700000 -1.50	16.28 X (42.00 Bigs 55.40 40.00 40.00 178.55 151.75 151.75 151.75 151.75	18.16 0 US gain 10.00 US gain	1,000 44,637 1 42, 24,6 15,553 11,470 3,177 1,508 487 487 33,577 10,163 1,306 1,734 97 18 28,022	9,689 39,805 path.) Open Int. 17,208 26,773 11,585 11,585 11,485 95,389 Open Int. 22,389 17,040 12,511 7,040 4,851 2,846 64,579 path.)
Ang Sop Sop Hear Mary Jan Jan Jan Jan Jan Jan Jan Jan Jan Jan	18.37 16.22 ATING O Latest price 64.85 55.15 51.05 49.00 49.00 5 Oil. FE price 178.00 152.05 151.25 151.25 151.25	+0.03 +0.02 L KYME +1.50 +0.81 +0.81 +0.01 +0.01 +0.01 +0.01 +0.01 +0.01 +0.02 +0.03	16.25 X (42,00 High 54,90 55,84 49,00 49,00 170,55 170,55 151,75 153,25 151,75 151,75	18.16 10 US gai 10 W 82.50 54.20 47.65 48.40 48.30 173.25 159.25 154.25 151.50 151.50 151.50	1,000 44,837 1 1 16,553 11,470 3,177 1,808 486 486 1,213 10,183 1,306 1,306 1,704 1,306 1,704 1,808 28,625 28,625 28,635	9,639 139,805 parks.) Open Int 17,208 21,505 11,481 8,121 4,455 96,329 Open lest 22,397 7,318 7,040 12,646 84,579 open lest 22,546 84,579 Open lest 26,646 84,679 96 96 96 96 96 96 96 96 96 96 96 96 96
Ang Sap	18.37 18.22 ATING O Latest prices 54.35 55.15 51.05 49.00 8 OH PE Sett prices 178.00 151.00 152.05 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25	+0.03 +0.02  IL MYME Day's changes +1.50 +0.81	16.25 X (42,000 High St.) 84,900 SS. 80 49,000 49,20 High St.) 776,75 155,50 153,25 151,75 IEX (18, High 2,399)	18.16 10.05 gal 1.07 12.50 54.20 15.00 173.25 159.25 151.50 151.50 150.000 mmil	1,000 44,8371 16.: c/US 16.: c/US 16.: c/US 17.553 11.676 14.: c/US 17.553 11.676 15.213 10.183 10.1	9,829 929,805 path.) Open hat 17,208 23,773 11,481 11,481 8,121 11,481 8,129 12,511 7,1040 4,814 64,579 9,1040 1,574 1,5
Ang Sap	18.37 16.22 ATENIG O United price 64.35 55.15 51.05 49.00 8 OH. PE Sett price 178.00 152.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25 151.25	+0.03 +0.02  IL KYME  Day's change +1.50 +0.51 +0.56 +0.01  Day's change +1.50 Day's +0.01 +0.01  Day's change +0.00  AS W/M  Day's +0.00  AS W/M  Day's +0.00  Day's +0.00  AS W/M  Day's +0.00  Day's +0.00  AS W/M  Day's +0.00	16.25 X (42,00 High 54,90 55,84 49,00 49,00 170,55 170,55 151,75 153,25 151,75 151,75	18.16 10 US gai 10 W 82.50 54.20 47.65 48.40 48.30 173.25 159.25 154.25 151.50 151.50 151.50	1,000 44,8371 16.: c/US 16.: c/US 16.: c/US 17.: c/US 17	9.829 983,855 prific.) Open 17,206 20,11,265 11,265 11,265 11,465 14,455 66,320 Open 12,516 4,455 66,579 open 18,725 18,7
War Mark Aller All	18.37 16.22 ATING O Latert price 64.35 55.15 51.05 48.30 48.70 48.00 157	+0.03 +0.02  IL MYME Day's changes +1.50 +0.81	16.25 X (42.00 High 55.00 55.00 49.00 16.55 16.	18.16 0 US gal  Low 82.50 54.20 54.20 47.65 48.40 48.90  Low 173.25 159.25 151.50 151.50 000 meal	1,000 44,8371 44,8371 45,833 3,177 1,808 447 33,577 450 1,206 1,734 1,206 1,20	5,829 90,805 90,805 90,805 17,208 17,208 11,855 11,481 11,655 65,329 0,000 10,100
Ang Sapan Ang Sa	18.37 18.22 ATING O United prices 64.85 55.15 51.05 49.00 8 OH. FE Sett prices 178.00 152.05 151.25	+0.03 +0.02  IL KYME  Day's change change +1.50 +0.81 +0.81 +0.81 +0.01  Frame +0.01  Frame +0.01  Frame +0.01  Frame +0.00  Frame -0.00  Frame -0.0	16.25 X M2.00 Hgp 54.90 55.90 48.90 18.55 155.55 155.55 155.55 155.75 155.55 155.75	18.16 0 US gal 1.0w 62.50 55.07 47.65 55.07 648.90 Low 173.25 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50	1,000 44,8371 1 1,000 44,8371 1 1,5553 1 3,177 1 1,808 447 33,577 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377	9,829 90,805 print 17,206 8,121 1,465 11,465 11,465 11,465 12,511 7,218 7,218 7,218 7,940 4,855 94,979 mint 12,544 13,856 13,836 11,536 1
Ang Stock HE Marry Marry Harry	18.37 18.22 ATING O United prices 64.85 55.15 51.05 49.00 8 OH. FE Sett prices 178.00 152.05 151.25	+0.03 +0.02  IL KYME  Day's changes +1.50 +1.50 +0.16 +0.01  Day's +0.16 +0.01  Day's +0.18 +0.01  Day's +0.00 +1.50  AS KYI  Bay's +0.002 +0.002 +0.0032	16.26 X 42.00 High 54.90 S5.00 49.20 High 178.50 153.75 151.75 EX (10,0 L 2,0 16) 2,160 2,2055	18.16 10 US gal 10 W 82.50 54.20 173.25 159.25 151.50 151.50 1000 mmil	1,000 44,8371 1	9,829 99,855 pais.) Open 17,206 11,265 11,465 18,121 14,655 66,389 Open 12,517 12,517 12,517 18,735 18,735 18,735 18,735 18,735 18,735 11,744 18,735 18,735 11,745 18,735 11,745 18,735 11,745 18,735 11,745
Ang Stock HE Marry Marry Harry	18.37 18.22 ATING O United prices 64.85 55.15 51.05 49.00 8 OH. FE Sett prices 178.00 152.05 151.25	+0.03 +0.02  IL KYME  Day's change change +1.50 +0.81 +0.81 +0.81 +0.01  Frame +0.01  Frame +0.01  Frame +0.01  Frame +0.00  Frame -0.00  Frame -0.0	16.25 X M2.00 Hgp 54.90 55.90 48.90 18.55 155.55 155.55 155.55 155.75 155.55 155.75	18.16 0 US gal 1.0w 62.50 55.07 47.65 55.07 648.90 Low 173.25 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50 151.50	1,000 44,8371 1 1,000 44,8371 1 1,5553 1 3,177 1 1,808 447 33,577 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,306 1 1,734 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377 1 1,377	9,829 99,855 pais.) Open 17,206 11,265 11,465 18,121 14,655 66,389 Open 12,517 12,517 12,517 18,735 18,735 18,735 18,735 18,735 18,735 11,744 18,735 18,735 11,745 18,735 11,745 18,735 11,745 18,735 11,745
Ang Sapangan Markangan Mar	18.37 18.22 ATRNG O United price 64.35 55.15 55.15 51.05 49.00 187.00 151.00 152.25 151.25 15	+0.03 +0.02  IL KYME  Day's change +1.50 -0.01 +0.01 +0.01 +0.01  Day's +0.00 +0.00  Shoome +1.50 -0.00  Day's +0.00  AS KYM  Day's +0.00  AS KYM  AS KYM  AS KYM  GASO  GASO  GASO	16.25 X A2.00 Hgp 54.90 55.90 49.90 Hg 20 Hg 20	18.16 0 US gal 1.0w 62.50 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 154.25 155.50 100 med 1.0w 2.335 1.985 1.985	1,000 44,8371 1	9,829 99,855 pais.) Open 17,206 11,265 11,465 18,121 14,655 66,389 Open 12,517 12,517 12,517 18,735 18,735 18,735 18,735 18,735 18,735 11,744 18,735 18,735 11,745 18,735 11,745 18,735 11,745 18,735 11,745
Aug Stotal William HE STOTAL W	18.37 18.22 ATING O United prices 64.85 55.15 51.05 49.00 8 OH. FE Sett prices 178.00 152.05 151.25	+0.03 +0.02  IL KYME  Day's change +1.50 -0.01 +0.01 +0.01 +0.01  Day's +0.00 +0.00  Shoome +1.50 -0.00  Day's +0.00  AS KYM  Day's +0.00  AS KYM  AS KYM  AS KYM  GASO  GASO  GASO	16.25 X A2.00 Hgp 54.90 55.90 49.90 Hg 20 Hg 20	18.16 0 US gal 1.0w 62.50 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 154.25 155.50 100 med 1.0w 2.335 1.985 1.985	1,000 44,8371 1	9,829 99,855 pais.) Open 17,206 11,265 11,465 18,121 14,655 66,389 Open 12,517 12,517 12,517 18,735 18,735 18,735 18,735 18,735 18,735 11,740 18,735 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735
Ang Sapangan Markangan Mar	18.37 18.22 ATRNG O United price 64.35 55.15 55.15 51.05 49.00 187.00 151.00 152.25 151.25 15	+0.03 +0.02  IL KYME  Day's change +1.50 -0.81 +0.81	16.25 X A2.00 Hgp 54.90 55.90 49.90 Hg 20 Hg 20	18.16 0 US gal 1.0w 62.50 1.0w 62.50 50.70 47.65 48.90 173.25 154.25 154.25 155.50 100 med 1.0w 2.335 1.985 1.985	1,000 44,8371 1	9,829 99,855 pais.) Open 17,206 11,265 11,465 18,121 14,655 66,389 Open 12,517 12,517 12,517 18,735 18,735 18,735 18,735 18,735 18,735 11,740 18,735 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735 11,740 18,735

GRAINS AND OIL SEEDS M WHEAT LCE (£ per tonne) Seti Day's Open price change ligh Low Vol lat 118.75 -0.25 119,15 118.75 59 421

الدا	123.05	-0.25	123.50	123.20	15	5 <b>3</b> 8		
Sep	111.00	-0.05	111.00	111.90	5	200		
lor	11255	-	112.55	11255	15	1,407		
lan	114.25	-0.10	114,35	114.35	50	182		
أحزب					207	6,377		
WH	EAT CB	(5,000	Oby min	; cents	60tb <u>b</u> u	ishel}		
	508.50	+2.25	513.00	505.00	4,798	16,899		
lay.	493.00	-0.50	498,00	492.00	5,134	23,499		
أعط	463.25	+1.00	468.00	462.00	10,696	45,430		
Sep	465.50	+2.25	468,50	463.00	449	8,343		
Dec	475.00	+3.00	478.00	473.00	648	6,095		
	475.00	+3.50	479.00	477.00	28	215		
otal					21,7691	00,748		
MAZZE CBT (5,000 by min; cents/56tb bushel)								
Ker	388.00	+3.00	391.00	384 50	27.721	81,134		
_			301 00					

ler -	388.00	+3.00	391.00	384 50	27,721	81,134
lay	387.00	-0.50	391,00	386.00	42,342	194,321
lai 💮				380.00		
iep e	333.25	+0.25	335 00	332.50	4,723	34,209
lec				317.58	12,672	83,130
lar -	323.00	-0.50	324.75	322,75	581	6,692
otal				,	:08,963	519,535
I BAI	RLEY LC	E (£ pe	r tonne	1		
ler	109.50	+0.50	109.50	109.35	22	378
tay	110.85	+0.20	110.75	110.75	19	510
iep .	106.50	+0.70	-	-	-	32
lov	108.40	-O DA	108.25	109.25	15	244
	100.70	TV				

			Total	170.30	70.00	110.00	11430	106	•
				YABEAN	S CBT (	5.000ba	min, cent		
c	pelis. \$/	bаптей)	Mar	737.00			736.00		
-			· Neg	747.25			746.50		
		Орва	Jul	757.25	-4.75	764.25	756.50	10,863	4
	Yel	int	Ang	757.50	-3.50	765.00	757.00	398	
3	39,554	99.767	Sap	746.00	-0.50	752.25	747.00	247	:
į		58.030	Nov	741.50	+1.00	744.50	740.00	B,090	4
		44,370	Total					73,275	20
j	3,610	35.510	· m so	YABEAN	CEL C	BT (60,0	000ths:	cenis/i	bj
5		17,180 17,248	Mar	24.24	-0.25	24.51	24.23	5.351	1:
,			Hay	24.62	-0.27	24.91	24.61	7.045	Z
	10,631	469,757		25.03	-0.24	25.30	25.01	1,528	
			. Aug	25.19	-0.24	25.A7	25.18	521	-
	- T.	Coen	Sec	25.40	-0.21	25.62	25.40		- 2
	-	int	Oct	25.65	-0.20	25.75	25.55	122	

232.5 237.0

nei					Feb Mar
					===
			33,577		
i	49.20	48.90	447	4,455	Tob
	~9.60 49.00	42.40	486		Nev
6 B	51.40 49.60	50.70 47.65		11,585 11,481	Jun
1	55.60	54.20		26,773	Apr Mes
0	54.90	62,50		17,208	Men
	High	TOM	Yel	int	_
		_		Open	
1	(142,00	US OF	E; 6/U5		Total
_			******	-4.	Sep
2	16.26	16.16	1,000	9,639 1 <b>89,86</b> 5	AUg
3	16.38		1,220		أعز
3	1662		2,885		Hat
ī	16.94	15.77		25,718	· 1/4
9	17.37	17.10		37,083	= :
9	18.10		17,385		Tob
5 PP	High	Low	Vel	Open int	04
_	ærel)		<del></del>		Aug Sec
èл				,	ᆅ
ī	17.68	17.53	75.837		May
	17.85 17.68	17.75 17.55		17,180 17,248	He.
2					

59,85 12,857 11,497 58,95 8,497 27,551 59,00 2,754 12,974 57 85 449 5,849 56,50 484 4,771 55,20 477 3,109 25,627 66,857

1.steet Day's price change 60.15 +0.39 60.55 +0.31 59.40 +0.16 58.00 +0.03

change High +0.39 69.45 +0.31 60.90 +0.16 59.65 +0.03 58.25 -0.07 56.70

55.20 55.20

Peb 25 Qafy .... 28,337 85,384 17,052 5,141 3,498 48,587 03,062 15,847 27,871 21,014 5,223 2,961 2,472 15,447 \$2,847 SOYABEAN MEAL CBT (100 tons; \$/ton) -1.2 234.9 232.4 7,590 14,554 -0.9 239.4 236.8 10,306 37,711 -0.5 342.8 240.3 6,914 22,308 -0.1 243.0 240.5 781 4,625 +0.3 242.0 239.9 1,712 2,883 +0.7 236.5 234.5 205 2,048 28,123 91,495 427 730 1,542 1,588 575 52

■ ORANGE JUICE NYCE (15,000lbs; cents/fbs) Minor Metals
European free market, from Metal Butletin, S
per b in warehouse, unless otherwise stated
(ast week's in brackets, where changed). Antimony 89,9% 5 per forms, 3,425-3,650 (3,3753,500, Blamuth: min. 89,83%, tone lots 3,754,10 (3,70-4,20). Cadmium; min. 89,95%. VOLUME DATA 4.10 (3.70-4.20). Cadmium: min. 99.95%, 150-165 (150-170) cents a pound. Cehalit MB free market, 99.8%, 30.00-30.75 (30.50-31.20); 99.9%, 27.30-28.00 (27.75-27.65). Mercuny: min. 99.99%, 5 per 76 ib flask, 160-175 (155-175). Molybdenum: drummed molybdic oxide, 3.95-4.20. Setentum: min 99.5%, 3.50-4.30. Tumgsten erre standard min. 95%, 5 per rotorie unit (10kg) Wo, ctf, 50-58. Vanadism: min. 98%, ctf, 2.90-2.95. Urantium: Nuexco exchange value, 10.00. **INDICES** REUTERS (Base, 18/9/31=100) Feb 28 month ago 2140.8 2179.5 B CRB Futures (Base: 1987=100) Feb 23 month ago 248.40 244.66 Feb 26 249.07 ■ GSCI Spot (Base: 1970=100) Feb 26 Feb 23 month ago 195.66 187.45

Sett Dwy's price cleange High Low Yol 884 2,939 6,192 910 935 956 973 990 908 933 956 973 990 1,478 13,392 1,200 37,216 722 16,590 783 33,058 ■ COCOA CSCE (10 transes: S/tonnes) 1259 72 500 1272 3,432 42,025 1295 1,241 17,200 1319 105 11,227 1350 55 9,985 1380 10 7,455 1333 4,915 92,403 E COCOA (ICCO) (SDR's/tonne COFFEE LCE (\$/tonne 1972 1,018 6.299 1828 3,916 14,393 1768 734 4,327 1748 237 2,891 2004 1862 1800 1770 1750 1725 73 8 116.30 +9.50 117.10 114.70 1,013 1,858 114.85 +1.10 115.20 112.35 7,108 16,138 112.55 +1.70 713.85 717.25 879 3,889 112.50 +1.40 113.25 111.00 387 2,866 111.25 +1.75 111.50 110.00 42 1,255 111.25 +1.75 110.00 109.50 12 416 9,482 26,337 Prev. day 108.11 111.67 M No7 PREMIUM RAW SUGAR LCE (cents/lbs) WHETE SUGAR LCE (\$/tonne)

E COCOA LCE 382.9 360.8 323.4 312.9 309.1 306.5 +1.6 383.2 380.5 489 14.330 +2.0 360.8 358.5 320 5,709 +0.5 322.5 321.5 169 4.471 +1.3 312.2 311.6 8 2,631 +1.1 308.6 308.6 1 676 +1.9 - 12 508 807 28.323 13.03 +0.23 13.06 12.92 8,046 19,920 11.84 +0.08 f1.85 11,74 8,936 61,872 10.99 +0.05 11.00 10.95 2,839 32,857 10.59 +0.01 10.50 10.56 13.34 52.87 10.30 +0.04 10.32 10.26 514 13,503 10.21 +0.05 10.21 10.19 367 3,235 Premium Gasoline Gas Oli Heavy Fuel Oil Naphtha Jet fuel M COTTON NYCE (50,000lbs; cents/lbs) 82.43 -0.99 83.60 82.50 875 825 83.55 -1.25 84.48 83.50 4.228 23,610 84.20 -1.00 85.00 84.15 837 11,674 81.30 -0.13 81.90 81.25 184 2,328 79.78 +0.35 79.95 79.43 1,353 15,107 80.70 +0.40 80.90 80.50 98 1.311 2713 57.468 OTHER 96 1,311 7,713 57,498 Copper Lead (US prod.) Tin (Kusia Lumpur) Tin (New York)

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000lbs; cants/l

	Seti. Price	Day's change	High	Line	Vol	Open Int
Apr	65,825	~0.750	65 475	64.675	11.123	33.283
Jesa				63.075		
App				62,425		
Oct				63.125		
Dec				62.150		
Feb		-0.275			187	2.555
Total					22,582	83,036
M LIVE	HOGS	CME (	40,000k	os; cent	<b>9/10</b> 81	
Acer	47 475	_	47.525	45,850	3,855	12,414
Jun	52,925	+0.050	52,950	52.250	2.222	10,453
ثط	51.375	-0.100	51 400	50.750	566	2,968
Aug	49 150	-0.075	49.225	48 725	418	4,007
Oct	45,300	-0 100	45.350	45,075	158	2.070
Dec	46,300	-0.100	45,400	46.125	155	1.530
Total					7,413	34,195
■ POR	K BELL	JES ÇI	AE (40,0	000lbs;	cents/it	<b>15</b> 1
Liker	61.875	-0.650	62,350	61,400	1,398	2,818
May	62,825	-0 625	63,400	62.500	1.553	4.503
Jel				60.450		1.620
Aug		-0.425			86	345
Feb	86.900	-0.400	67 050	68.500	1	1
Total					3,852	9,408

LONDON TRADED OPTIONS Strike price \$ tonne 1700 .

M Oil PRODUCTS NWE prompt delivery CIF (tonne) \$187-189 **\$214-216** \$196-198 (0171) 359 8752 Gold (per troy oz). Silver (per troy oz). Platinum (per troy oz Platinum (per troy cz.) Patladium (per troy cz.) \$409.35 \$139.25

123.0c 41.75c 15.71m 292.50c -0.06 -1.00 Cattle (live weight)† Sheep (live weight)† 4 Pige (live weight)† 121.48 133.23 105.71 Lon. day sugar (raw Lon. day sugar (wto Barley (Eng. feed) Maize (US No3 Yelk Wheat (US Dark No 113.5 150.5z Ung, Rubber (Mar)♥ Rubber (Apr)♥ Rubber (KL RSS No1) 111.00p 111.00p 417.50m \$727.5w \$522.5 465.0y 210.0y 83.35 Coconut Oil (Phill§ Paim Oil (Malay.)§ Copra (Phill§ INS (US)

E per zonne unices otherwise r renggit/kg. in Melleysten cer Mar. w Mar/Apr London P Busson market close. 4 Si

#### worked for Yorkton, the Canateam at specialist mining dian broker, and Max Pollack stockbroker T. Hoare & Co, has & Freemantle in Johannesdied in a road accident in

Mining stockbroker dies in

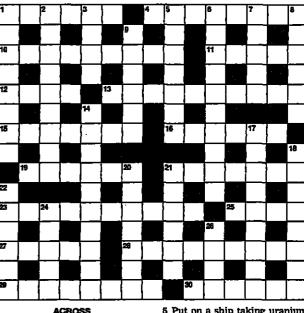
His wife Karen and daughter

in 1993.

JOTTER PAD

## **CROSSWORD**

No. 9,005 Set by CINCINNUS



1 Get away from Midwest head-Name a crisis precipitated by flowers (8) 10 Always set off at any rate (9) 11 Getting old drink in silver container (5)

12 Game backlash (4)
13 Transport manuscript about the best of White Friars (10)
15 Clearing in trees made by logger? (7)
16 Talk about not completing field event (6)

19 Swiss city information supplied by girl (6)
21 An arresting person in Cork? (7)
28 Follower goes without sleep, following Henry VI (4,1,5)
25 Press club (4)

27 Secretion from small fruit (5) 28 A small child, a small frag-ment, a small insect together they're significant 29 Show record (8)

30 Pin left to prosper (2,4)

1 Cryptic clue goes in pastoral

a mine leader from

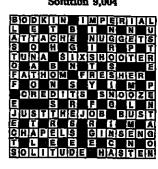
5 Put on a ship taking uranium to sea (7) 6 Dance in West Virginia (10) 7 A good person bad at sin (5) 8 Assimilate some catering

9 Harry has to accommodate artists (6) 14 Vessels found in coal seams? (4-6) 17 Pep pill event in capital (5,4) 18 Parental changes before birth

establishments (6)

(8) Notice a wild flower (7) Cleaners cry on board (6) 22 A borse for the engraver (6) 24 Not standing for mendacity

26 A river in the far north (4) Solution 9,004



## INTERNATIONAL CAPITAL MARKETS

# Tory victory lifts gilt prices ahead of auction

By Antonia Sharpe and Samer iskandar in London and Lisa Bransten in New York

The government's victory in the Scott report debate in parliament late on Monday sent UK gilts higher yesterday, creating a favourable environment for today's £3bn auction of long-dated stock

Dealers reported good buying by domestic institutions of the 8 per cent gilt due 2021 in when issued" form, and of other long-dated gilts. "Extension" trades out of 10-year gilts have enabled the long end of the yield curve to outperform the 10-year area by about 10 basis points since the auction was announced last week.

Analysts do not expect much interest from foreign investors stock is too long. But domestic institutions have made clear their demand for long-dated paper, especially a new 25-year

The market will be disap- Mixed signals on the econpointed if the auction is less than 11/2 times covered and if the tail (the difference between the highest and the average accepted yield) is longer than 2 to 3 basis points. Yesterday, the "when issued" 2021 gilt was trading at about 98%.

yielding 8.14 per cent. Mr Don Smith of HSBC Markets said the stronger gilts market and the weaker tone in Germany had enabled the yield spread to come in to about 163 basis points from 166 points the day before, but that gilts were still fighting the negative direction in overseas markets.

Mr James Barty of Deutsche Morgan Grenfell said the gilts market had held its ground but was in an uncertain phase. Economic data had been supportive but the next move could be downwards.

On Liffe, the March contract of the long gilt future stood  $\frac{5}{32}$ higher in the afternoon at 10613 in volume of 60,000 contracts.

omy kept US Treasury prices

on their downward trajectory. Bonds gained in early trading on weaker than expected January producer prices, but slumped at mid-morning after the Conference Board said its index of consumer confidence iumped in February.

#### GOVERNMENT BONDS

Near midday, the benchmark 30-year Treasury bond was down & at 932 to yield 6.457 per cent and the two-year note was % lower at 9916, yielding 5.222 per cent.

Fears about inflation eased after the Commerce Department said its producer price index was just 0.3 per cent higher, and 0.1 per cent lower excluding the volatile food and energy components.

But shorter-term bonds were hurt by the rise in consumer

confidence, which added to the range, the 10-year bund congrowing consensus that economic activity is rising and the up 0.20. Federal Reserve might not cut rates at next month's Open

Market Committee meeting. Mr Edgar Fiedler, an economic counsellor at the Conference Board, attributed January's decline to one-time factors such as the blizzards and the government shutdown, and added that he believed consumers remained "tenta-

Also weighing on short-term note prices was new supply set to come on to the market after an afternoon auction of \$18.25bn in two-year notes.

tive" about the economy.

■ German government bonds failed to break free from US dominance. Bunds followed Treasuries closely throughout the day, ignoring the publica-tion of February CPI data for the state of North-Rhine West-

After trading in a narrow

PORTUGUESE ESCUDOS Instituto da Credito Oficial

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tract on Liffe-closed at 96.90,

However, the 10-year spread between bunds and Treasuries tightened from 30 basis points to 28 basis points, despite investors' persistent concerns over the future of European monetary union.

Uncertainty was further exacerbated by comments by Mr Klaus Kinkel, the German foreign minister, that he was convinced that between three and four countries can and will be there at the start".

These comments have come at a time when market participants are being increasingly estabilised by conflicting declarations by European leaders.

"In spite of the uncertainty, I still recommend intermediateterm bunds over the higheryielding Spanish and Italian markets, which are still subject to volatility of political origin", one London investment adviser

■ French OATs also lacked inspiration and tracked foreign markets. The March contract of Matif's 10-year government bond future ended an edgy session at 120.42, down 0.20 from

Monday's close. Uncertainty over this year's social security deficit weighed on the market, as a majority of observers still expect it to overshoot the government's target of FFr17bn. But sentiment was buoyed by expectations of further weakness in consumer spending, prompting future rate cuts.

■ The Spanish market wascheered by opinion polls giving the opposition Popular Party an 8 to 11-point lead in Sunday's general election. However, a late surge in prices was mostly attributed to expectations of rate cuts next week. In the futures market, the March 10-year Bono futures contract closed at 95.64, up from 94.81 on Monday.

## Five-year options on IDBI facility

By Antonia Sharpe

The Industrial Development Bank of India is raising \$150m through a syndicated loan arranged by Australia and New Zealand Banking Group.

Although the facility has a seven-year maturity, it incorporates five-year call and put options, which give either the borrower or the lenders the option to cancel their commitment after five years.

#### SYNDICATED LOANS

The IDBI had to seek a special exemption from a government rule that requires offshore loans of more than \$15m to carry maturities of at least

seven years. ANZ said that the annual yield on the IDBI's loan is 70 basis points over London interbank offered rate (Libor). which compares with 56 basis points on a recent facility for India's Oil and Natural Gas

The higher yield reflects the greater frequency of the iDings borrowing in the international? EIRKE

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capital markets and caution! ahead of India's elections in ANZ has formed a co-errang

ing group comprising Develor ment Bank of Singapore DG Bank Kredietbank and Kuril The loan has been sub-unders written by the five banks early will be launched into general

syndication this week. • A2000, the Dutch cable teles vision company which owns Amsterdam's entire cable TVs system, has signed a F14/5mil (\$300m) 10-year credit facility with the Dutch bank ABN Amro. The facility will be useri to finance A2000's plans to? build up its network ins Amsterdam and surrounding

ABN, which did not syndia cate the loan, declined to comment on pricing. A2000 is a 50-50 joint venture between-Philips, the Dutch electronics group, and US West, the US ed telephone company.

## Callable global by Freddie Mac

#### By Conner Middelmann

Primary activity in the eurobond market picked up slightly yesterday, although sentiment remained subdued as underlying government bond markets continued to trade nervously.

In the US dollar sector, the US Federal Home Loan Mortgage Corporation (Freddie Mac) issued \$500m of five-year global bonds, callable after two years and yielding 44 basis points over Treasuries at the re-offer price. According to lead managers Goldman Sachs and Merrill Lynch, the bonds are a defensive investment at times of market uncertainty.

"Callable bonds make most sense in a bearish environment," one syndicate manager said, because borrowers are unlikely to call their issues at times of rising interest rates. Investors receive a higher yield

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

reflecting the call option, at a low risk of early redemption. "Investors can take advantage of the structure to get extra

But while the lead managers were confident of significant European placement, others were sceptical.

#### INTERNATIONAL **BONDS**

"Many European investors are still not that comfortable with callable bonds, and most are sitting on the sidelines anyway because the markets are

so volatile," one dealer said. Another US agency, the Student Loan Marketing Corporation (Sallie Mae), launched \$1.5bn of asset-backed global floating-rate notes - another defensive investment amid interest-rate uncertainty which are to be priced today.

Lead manager Goldman Sachs said it had built up a substantial book of orders from non-US investors, especially in the UK and Asia.

A \$100m offering for Socie-dad Comercial del Plata, the Argentine conglomerate with interests in energy, public services and entertainment, was a success, thanks to the short maturity and attractive yield spread over US Treasuries.

"At 560 basis points over Treasuries for two years, you can have a lot of volatility and still come out ahead," said one Book-runner Paribas said the

scribed and placed among European - especially Swiss retail investors, as well as some US institutions. Philip Morris also targeted Swiss retail investors with a

DM250m offering of 6.5 per cent

seven-year bonds, However.

BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

deal was substantially oversub-

#### BOTOWER US DOLLARS Salfe Mae SLT 1996 Srs 1(a); SCP8 Fed Home Loan Mtge(i) D-MARKS Philip Morris Capital +40(7);6%-03) CSFB-Effectenben 99.58R Mar 2003 0.35R 250 6.50 YEN EBRID#\*(b) 6.60 100.00 SWISS FRANCS Banco-Inter Atlanticol Helaba Finance(e)

NEW INTERNATIONAL BOND ISSUES

7yrs. Class B certificates:\$52.5m. b) Redemption in Australian dollars, Issued off EMTN programme. c) 6-mth Libor -12.5bp. d) 3-m Libor +25bp. Capped couporc 11.60. e) Fungible with CHISOOm, Plus 90 days accrued. f) Callable after 2yrs.() Long 1st couporc.

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the 40 basis point re-offer spread widened sharply after the bonds were freed to trade. CSFB Effectenbank blamed this on the underlying bund market's volatility, but other dealers said the pricing was

too aggressive and that the seven-year maturity was too long for most retail investors. According to CSFB, the spread closed at 47 basis points over bunds while others said it rose above 50 basis points.

Price Indices

FT-ACTUARIES FIXED INTEREST INDICES

change %

Tue Feb 27

● The state-owned Indian has mandated ANZ Grindlays Bank to lead a seven-year \$50m FRN issue before the end of March ~ the IRFC's first international bond offering.

xd adj. ytd

Banco Central/Banco CISF

Banque UCL/ASLK-CGER

## **CBOT-CME** committee endorses merger as goal to overcome any problem of

Feb 27 Feb 26 Yr. ago Feb 27 Feb 26 Yr. ago. Feb 27 Feb 26 Yr. ago.

By Richard Lapper

A committee formed to discuss ioint strategic initiatives by Chicago's two derivatives exchanges beld its first meeting yesterday and endorsed the ultimate merger of the two markets, the world's biggest, as a "desirable goal".

The Chicago Board of Trade and the Chicago Mercantile Exchange, which have been flerce rivals, have agreed to discuss co-operation including possible merger.

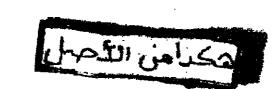
Mr Jack Sandner, chairman of the CME and co-chairman of the joint strategic initiative. said he was "more confident than ever that we will be able

challenge that we might make on our difficult journey." Mr Pat Arbor, his opposite, number at the CBOT and tellow co-chairman, said the com-? mittee would examine "critical? areas that have the potential for some community of purpose that ultimately wouldbenefit our members, member firms and other users of our markets. I am optimistic their.

efforts will be productive." The committee said talks would include progress on shorter term measures, focusing on clearing, technology, marketing, regulation, market, data, electronic trading and member opportunity.

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Each 10-year 1987   10.08   5.08   10-year 10-year 11-year 2007 ± 2.0   2.2   5.10   1.09   1	120 121 122 123 Ent. vol. total, Galls 17,53 Germany NOTIONAL GERM Open Mar 96,94 Jun 96.13  UK GILTS Pr  Notes  Shorts** (Lives up to Flow Youngs) 15% pp 199622	Sett price 96.92 96.12 RIGES  TYleid int Red 15.00 5.81	### Previous 10   Priors 2 + 0.23   Priors 2 + 0.10   10   10   10   10   10   10   10	(UFFE)* D High 97,02 98,16	M250,000 Lor 96.4 95.6		of 1009 t. vol (19304 4422	17,749.  6  Open int. 160711 110095	Mar-Jun Sep  Japan Mortion (LIFFE)  Mar-Jun - LIFFE hau  Red Price S - 7.82 103% 7.95 993	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118.50 117.01 res also trade +1- 1088 +1- 1088	Latest 114-25 114-09 114-07 TERM JA this of 100 Close d on APT. A  tow  57°g lades 943 200 943 200	Change -0-17	High 115-22 115-08 114-15 OVT. BON High 118.64 117.16 est figs. are	Low 114-25 114-09 113-24 D FUTUR Low 118.48 117.01 10 (2) Provious	Est. vol. 413,883 81,326 1,619 Est. vol. 1388 3821 6 day.	288,193 134,589 11,972  Open int. 0 0
Trees   Page   1985	120 121 122 123 Ent. vol. total, Calls 17,53  Germany NOTIONAL GERM. Open Mar 96,94 Jun 96.13  UK GILTS Pr  Rotes  Shorts** Glass up to Flow You Trans 15*apc 19961†  Each 13*apc 19961†  Each 13*apc 19961†  Each 13*apc 19961†  Each 13*apc 19961†	AN BUND I Sett proce 96.92 96.12 IPES in Year Res 15.00 5.81 12.05 5.91 12.05 5.91 12.05 5.91	## Previous ## Priors ## P	(LIFFE)* D High 97,02 98,16			of 1009 L vol 19304 4422 No. 2005;;;	6 Open int. 160711 110095 int. 8.18 8.18 7.90	Mar Jun Sep Japan Morrior (LIFFE hau Mar Jun LIFFE hau Mar 7.22 103% 8.01 983	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118.50 117.01 res also trade +1, 1083 +3, 1083 +3, 1084	Latest 114-25 113-09 114-07 TERM JAI stra of 100 Close of on AFT. A Low 57% looks 100 59% looks 20% 20% 20% 20% 20% 20% 20% 20% 20% 20%	Change -0-17	High 115-22 115-08 114-15 115-08 114-15 00VT. BON High 118.64 117.16 est fige. are lightly fig. 37.9 [135.8] 1.778.3	Low 114-25 114-09 113-24 D FUTUR Low 118.48 117.01 10 (2) Provious	Est. vol. 413,883 81,326 1,619 Est. vol. 1388 3821 6 day.	288,193 134,589 11,972  Open int. 0 0
Trees   Page   1985	120 121 122 123 Est. vol. total, Calls 17,52 128 Est. vol. total, Calls 17,52 Geormany III NOTIONAL GERM.  Open Mar 98,94 Jun 98,13  UK GILTS P:  Rotes Shorts* @ Bres up to Flee Y: Trass 15-(pc 1996)#; — Each 13-(pc 1996	AN BUND I Sett price 96.92 96.12 RICES 15.00 5.8 15.00 5.8 19.04 80 19.04 80	UTURES Change +0.22 +0.23 Prior £ +0 1013 1013 1055	(UFFE) D High 97,02 98,16			of 1009 t. vol (1930) 1. vol (1930) 2005;; 2005;; 2006;;	17,749.  6  Open int. 160711 110095	Mar Jun Sep  Japan Mar Jun - LIFFE Au Red Prior S - 7.92 1037 7.95 998 8.07 998 8.07 998	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 res also trade +1 <sub>0</sub> 108-8 +1 <sub>0</sub> 1	Latest 114-25 113-09 114-07 TERM JAA 100 Close d on APT. A 100 5943 204 204 204 204 204 204 204 204 204 204	Change -0-17	High 115-22 115-08 114-15 OVT. BON High 118.64 117.16 set fige. are lightly first fige. are lightly fig. 1. [78.9] 1	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous	Est. vol. 413,883 81,326 1,619 Est. vol. 1388 3821 6 day.	288,193 134,589 11,972  Open int. 0 0
Trees   Page   1985	120 121 122 123 Ent. vol. total, Calls 17,52  Germany NOTIONAL GERM Open Mar 96,94 Jun 96,13  UK GILTS PI  Notes  Sheris* (Lives up to Five Y: Trays 15*-pc 1996## Each 13*-pc 1996## Each 13*-pc 1997## Each 10*-pc 1997##	AM BUND I Sett proce 96.92 96.12 RICES Tyles - int Res 15.00 5.9: 13.05 5.9:	UTURIES Change +0.22 +0.23 Prior £ +1 1013 1013 1013 1013 1013 1013 1013 101	UFFE) D High 97,02 98,18			of 1009 t vol ( 9304 4422 Mr. Mr. Mr. Mr. Mr. Mr. Mr. Mr. Mr. Mr.	6 Dpen int. 160711 110095 int	Mar Jun Sep  Japan Morror (LIFFE)  Mar Jun LIFFE had Red Price S 4  7.32 103% 7.35 9978 8.06 9914 7.79 1208	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118.50 117.01 res also trada +1 1088 +1 1088 +1 1084 +1 1254 +1 1254	Latest 114-25 114-07 114-07 TERM JAI this of 100 Close d on APT. A  10w 97% Index 99% 20 99% 40 113% 44 113% 44	Change -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-10	High 115-22 115-08 114-15 115-08 114-15 115-08 114-15 115-08 116-18 117-	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous	Est. vol. 413,883 81,326 1,619 Est. vol. 1388 3821 6 day.	288,193 134,589 11,972  Open int. 0 0
Trees   Page   1985	120 121 122 123 Ent. vol. total, Calls 17,5  Geymany III MOTIONAL GERM Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes Sherts* (Lives up to Flee Yr Trees 154-pc 1980## — Each 154-pc 1980## — Each 154-pc 1980## — Each 154-pc 1987## — Each 154-pc 1987## — Each 154-pc 1987## — Trees 84-pc 1987## —	AN BUND   Sett price   95.92   96.12   RIGES	### Previous ### P	LIFFE' D  High 97.02 98.18  108-3 108-3 108-3 108-3 108-3 108-3			of 1009 L voi ( 10	17,749.  6  Open int. 160111 110095	Mar Jun Sop   Japan Morror (LIFFE)  Mar Jun LIFFE hau Red Price S - 100% 9914 7.79 1206 9914 7.79 1206 1333 7.86 133 7.86 1333 7.86 1333 7.86 133 7.86 133 7.86 133 7.86 133 7.86 133 7.86	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 res also trade +å 1015 +å 1015 +å 1015 +å 1015 +å 1015 +å 1015 +å 1015 +å 1015 +å 1015	Latest 114-25 114-07 114-07 TERM JAN this of 100 Close d on APT. A  1134 224 234 234 234 237 1134 41 237 1384 21 1384 21 1384	Change -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-10	High 115-22 115-08 114-15 114-15 118-16 117-16 10 10 10 10 10 10 10 10 10 10 10 10 10	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous 11 (2) Printing 11 (2) Printing 11 (2) Printing 11 (2) Printing 12 (3) Printing 13 (4) Printing 14 (4) Printing 15 (4) Printing 16 (4) Printing 17 (4) Printing 17 (4) Printing 17 (4) Printing 17 (4) Printing 18 (4)	Est. vol. 413,883 81,326 1,619 Est. vol. 1388 3821 6 day.	288,193 134,589 11,972  Open int. 0 0
These 1-2gr 1999	120 121 122 123 Est. vol. total, Calls 17,52 123 Est. vol. total, Calls 17,52 Geormany III NOTIONAL GERM Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes  Notes  Notes 15-apr 1998;11 Each 194,pt 1998;11 Tress 15-apr 1998;11 Tress 17-apr 1997;11 Tress 24-apr 1997;12 Each 194,pt 1997;12 Each 195; 1997	AN BUND I Sett price 96.92 96.12 RICES 15:00 5.8:13 15:00 5.8:13 12:47 6.00 10:06 6.08 6.53 6.23 8.48 9.3:13 12:43 6.38 9.23 8.48 9.3:13	### Previous ### P	LIFFE? D High 97,02 96,18			of 1007 L vol (8304 4422   1007   110	17,749.  6  Open int. 180111 110095	Mar Jun Sep  Japan Nottor (LIFFE)  Mar Jun - LIFFE Mau Red Price S 4 7.92 100% 98% 8.01 100% 103% 8.01 103% 8.07 107% 8.07	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 res also trada +h 1015 +h 1	Latest 114-25 114-07 114-07 TERM JAN this of 100 Close d on AFT. A  1134 224 234 24 234 24 234 24 25 214 24 25 214 25 214 21 214 214 214 214 214 214 214 214	Change -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-17 -0-18	High 115-22 115-08 114-15 OVT. BON High 118.64 117.16 at 107.743 1.1743	114-25 114-09 113-24 D FUTUR LOW 118-48 118-48 118-48 118-49 118-	Est. vol. 413,833 81,326 1,619 Est. vol. 1,619 Est. vol. 1368 3821 1,619 11111111111111111111111111111111	288, 193 134,589 11,972  Open int. 0 0  - 52 week _ 189 1154, 1974, 1904, 1864, 1862, 1974
Each   12/20   199814   1999	120 121 121 122 123 Ent. vol. total, Calls 17,52 Ent. 196.13  UK GILTS Pi  Notes  Sherter (Lives up to Five Your 1997 Ent. 1974, pp. 1996; 11 Ent. 1974, pp. 1996; 11 Ent. 1974, pp. 1997; 1997 Ent. 1967, pp. 1997; 1997 Ent. 1969, pp. 1969 Ent. 1969, p	AN BUND I Sett proce 96.12 96.12 10 ES Yeld Ref 15.00 5.91 12.07 5.91 12.07 5.91 12.07 6.01 10.08 6.08 6.33 6.23 6.43 6.37 12.24 6.38 12.24 6.38 12	## Previous ## Previous ## Priors ##	# day's op # day'			6 Pute 2  of 1009  L vol ( 9304  4422  8 kk  2005  12203-7  2004  8 c	17,749.  6 Open int. 180711 110095	Mar Jun Sep Mar Jun LFFE hau Mar Jun LFFE hau Mar Jun 1984 1984 1984 1984 1984 1984 1984 1984	Open 115-09 114-25 114-14 NAL LONG Y100m 1000 Open 118-50 117-01 108-5 +3 108-5 +3 10	Latest 114-25 113-09 114-07 TERM JAA 100 Close of on AFT. A 25 100 943 204 205 1354	Change -0-17	High 115-22 115-08 114-15 115-08 114-15 115-08 114-15 115-08 114-15 115-08 115-	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous 11 (2) Print 10 (2) Print 11 (2) Print 11 (2) Print 11 (2) Print 12 (3) Print 12 (3) Print 13 (4) Print 14 (4) Print 15 (4) Print 16 (4) Print 17 (4) Print 17 (4) Print 17 (4) Print 18 (4) Print 18 (4) Print 19 (4) Print 1	Est. vol. 413,833 81,326 1,619 Est. vol. 1,619 Est. vol. 1368 3821 1,619 11111111111111111111111111111111	288, 193 134,589 11,972  Open int. 0 0  - 52 week _ 189 1154, 1974, 1904, 1864, 1862, 1974
Trees 1989   10.71   6.55   1145   -1   1165   1115   1155   11	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 Germany III MOTIONAL GERM Open Mar 98,94 Jun 96,13  UK GILTS PI  Notes Sherts* Gives up to Flee Yi Trees 15-lept 1996;1 Each 15-lept 1996;1 Each 15-lept 1997;1 Each 15-lept 1998;1 Each	AN BUND   Sett price   96.92   96.12   Fig.   15:00	## Previous ## Previous ## Priors ##	# day's op (LIFFE)* D # ligh 97,02 98,18 108-8			6 Pute 2  of 1009  L vol ( 9304  4422  8 kk  2005  12203-7  2004  8 c	17,749.  6 Open int. 180711 110095	Mar Jun Sep Mar Jun LFFE hau Mar Jun LFFE hau Mar Jun 1984 1984 1984 1984 1984 1984 1984 1984	Open 115-09 114-25 114-14 NAL LONG Y100m 1000 Open 118-50 117-01 108-5 +3 108-5 +3 10	Latest 114-25 114-07 114-07 TERM JAI the of 100 Close d on AFT. A 24 1004 21 1	Change -0-17	High 115-22 115-06 114-15 115-08 114-15 118-64 117-16 118-64 117-16 118-64 117-16 118-64 117-16 118-64 117-16 118-64 118-	Low 114-25 114-09 113-24  D FUTUR  Low 118-48 117-01 for previous 11 271 19 2.58 24 2.79 24 1.62 24 1.62 25 3.78 25 3.74 26 3.88 25 3.74 26 3.88 26 3.88 27 3.74	Est. vol. 413,833 81,326 1,819 Est. vol. 1388 3821 1388 3821 1388 13821 1383 1383	288, 193 134,569 11,972  Open int. 0 0 0  216,2 204,2 1134, 1074, 1136, 1094, 1136, 1094, 1137, 1524, 1137, 1524, 1137, 1524, 146,2 1374,
Each 12 (Apr 1999 1997 1995 1143	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 Germany  In NOTIONAL GERM.  Open Mar 96,94 Jun 96,13  UK GILTS Pr  Rotes  Rotes Shorts** Glaves up to Flow Yr Trass 15-apc 1993tt Each 15-apc 1993tt Each 15-apc 1997tt Trass Carr 7pc 1997tt Trass Carr 7pc 1997tt Each 194-apc 1997. Each 194-apc 1998. Each 194-apc 1	AN BUND I Sett proce 96.92 96.12 FICES 12.00 5.91 12.00 5.91 12.00 5.91 12.00 5.91 12.00 6.91 6.91 6.91 6.91 6.91 6.91 6.91 6.91	## Previous ## Previous ## Priors ##	# day's op (LIFFE)* D # ligh 97,02 98,18 108-8			6 Pute 2  of 1009  L vol ( 9304  4422  8 kk  2005  12203-7  2004  8 c	17,749.  6 Open int. 180711 110095	Mar Jun Sep Mar Jun LFFE hau feld Price 2 1074 8.01 1074 8.01 1074 8.07 1074 8.11 99	Open 115-09 114-25 114-14 NAL LONG Y100m 1000 Open 118-50 117-01 108-5 +3 108-5 +3 10	Latest 114-25 113-09 114-07 TERM JAA 100 Close of on APT. A 4 25 124 25 20 20 20 20 20 20 20 20 20 20 20 20 20	Change -0-17	High 115-22 115-08 114-15 115-08 114-15 118-64 117-16 set figa. are 117-16 117-	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous 11	Est. vol. 413,833 81,326 1,619 1388 3821 1388 3821 173,5 7,7 1713,	288, 193 134,589 11,972  Open int.  0 0 0  218,4 204,4 113,4 1174,4 1174,6 162,1 1189,4 1189,
Trees 6pt 1999	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 Germany III NOTIONAL GERM.  Open Mar 96,94 Jun 96,13  UK GILTS P:  Notes Sheets* (Lives up to Five You Trees 15*-apc 19951; Each 15*-apc 19951; Each 15*-apc 19971; Each 15*-apc 19971; Each 15*-apc 19971; Each 15*-apc 19971; Each 15*-apc 19972 Each 15*-ap	AN BUND I Sett proce 95.92 96.12 Reference int Red 12.05 5.97 12.07 5.97 12.07 5.97 12.07 5.97 12.08 5.97 5.97 12.08 5.97 5.97 12.08 5.97 5.97 12.08 5.97 5.97 12.08 5.97 5.97 12.08 5.97 5.97 12.97 12.97 1	Prior £ + 0  107 10 12 10 10 10 10 10 10 10 10 10 10 10 10 10	CUPPED D High 97.02 98.18 1084 1084 1086 1086 1086 1086 1086 1086 1086 1086			6 Pute 2  of 1009  L vol ( 9304  4422  8 kk  2005  12203-7  2004  8 c	17,749.  6 Open int. 180711 110095	Mar Jun Sep Mar Jun LFFE hau feld Price 2 1074 8.01 1074 8.01 1074 8.07 1074 8.11 99	Open 115-09 114-25 114-14 NAL LONG Y100m 1000 Open 118-50 117-01 108-5 +3 108-5 +3 10	Latest 114-25 114-07 114-07 TERM JAI the of 100 Close d on AFT. A 24 100 124 24 25 100 25 26 26 27 26 26 27 26 27 26 27 26 27 26 27 26 27 27 26 27 27 26 27 27 26 27 27 26 27 27 27 27 27 27 27 27 27 27 27 27 27	Change -0-17	High 115-22 115-08 114-15 115-08 114-15 118-84 117-16 84 198-3 3 115-18 3 115-18 3	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 for previous 11 271 10 271 11 271 11 271 12 271 13 281 14 282 15 374 16 388 15 374 16 378 16 378 17 378 18 378 1	Est. vol. 413,833 81,326 1,819 1368 3821 1368 3821 1368 177.4 131179 1368 1417.5 1417.	288, 193 134,569 11,972  Open int. 0 0 0  - 52 week - High Law 216,2 204,2 1134, 1074, 1136, 1084, 1136, 1084, 1137, 1084, 113
Command   Comm	120 121 122 123 Est. vol. total, Calls 17,52 123 Est. vol. total, Calls 17,52 124 125 Est. vol. total, Calls 17,52 126 Est. vol. total, Calls 17,52  Geormany  III NOTIONAL GERM.  Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes  Notes  Notes  Notes  Notes 1981  Tress 15-apc 1992  Est. 110-apc 1993  Tress 19-apc 1997  Est. 110-apc 1997  Tress 24-apc 1997  Tress 24-apc 1997  Tress 1997  Est. 110-apc 1997  Tress 1997  Est. 110-apc 1997  Est. 110-apc 1997  Tress 1997  Est. 110-apc 1997  Tress 1997  Est. 110-apc 1997  Tress 1995  Est. 110-apc 1999  Tress 1995  Tress 1995  Est. 110-apc 1999	AN BUND I Sett price 96.92 96.12  TICES  TIGE 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81 15.00 5.81	### Provided ### P	(JFFE)* D High 97.02 98.18 1084 1084 1074 1074 1074 1074 1074 1074 1074 107			6 Pute 2 of 1009 L vol ( \$5304 4422  \$600611 2005-1 2004-1 2004-1 2004-2009-1 2004-2009-1 2004-2009-1 2004-2009-1 2004-2009-1 2004-2009-1 2009-1 2000-1	17,749.  6 Open int. 180711 110095	Mar Jun Sep Mar Jun LFFE hau feld Price 2 1074 8.01 1074 8.01 1074 8.07 1074 8.11 99	Open 115-09 114-25 114-14 NAL LONG Y100m 1000 Open 118-50 117-01 108-5 +3 108-5 +3 10	Latest 114-25 113-09 114-07 TERM JAI 109 100 Close of on AFT. A 4 4 4 5 113 4 4 5 113 4 2 5 113	Change -0-17	High 115-22 115-08 114-15 114-15 114-15 114-15 114-15 114-15 115-08 114-15 117-16 set fige. are fig. are fig	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 for previous 11	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0 0  - 52 week High law 216,1 204,2 113,4 1074,116,1 109,3 169,2 116,1 109,3 185,1 169,2 173,2 157,4 152,4 137,1 120,2 120,4 137,1 120,2 108,4 137,1 120,2 120
Trees   14pc   2000	120 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 124 125 Ent. vol. total, Calls 17,52  Geormany III NOTIONAL GERM.  Open Mar 98,94 Jun 98,13  UK GILTS PI  Rotes 19,14 Ent. 19,15 En	AM BUND 1 Sett proce 96.92 96.12 RICES 15.00 5.8 13.05 5.8 12.07 6.00 13.05 6.8 12.07 6.00 12.07 6.	UTURES Change +0.22 +0.23 Prior £ ++ 1016 1012 1023 1024 1025 10014 10014 10014 10014 10014 10014 10015 10014 10015 1001	(UFFE) D High ST.02 98.18 1084 1084 1084 1084 1084 1084 1084 10			6 Pute 2 of 1009 L vol ( 9304 4422  864 2006;;; 2006;; 2007 2004 3004 3004 3004 3004 3004 3004 3004	50pen int. 180111 110085 	Mar Jun Sep Morrior (LIFFE) Mar Jun LIFFE August Mar Jun 1074 Mar Jun	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 108-5 +3 108-5 +3 108-5 +4 108-5 +5 108-5 +6 108	Latest 114-25 114-07 114-07 TERM JAN this of 100 Close of on AFT. A  1134 224 234 24 24 25 1134 24 25 1013 24 25 1013 25 26 26 26 1013 26 26 1013 27 26 1013 2	Change -0-17	High 115-22 115-08 114-15 114-15 114-15 114-15 114-15 114-15 115-08 114-15 117-16 set fige. are fig. are fig	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 for previous 11	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0 0  - 52 week High law 216,1 204,2 113,4 1074,116,1 109,3 169,2 116,1 109,3 185,1 169,2 173,2 157,4 152,4 137,1 120,2 120,4 137,1 120,2 108,4 137,1 120,2 120
Trees Sept 200041	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 124 125 Ent. vol. total, Calls 17,52  Germany  III MOTIONAL GERM  Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes  Sheris* Gives up to Flee Y  Tress 15-apc 1986;1 Enth 1940;1 Enth	AN BUND I Sett price 96.92 96.12  ICES  15.00 5.81 15.00 5.81 15.00 5.81 12.47 6.00 10.06 6.02 6.33 6.23 12.47 6.01 12.47	### Previous ### P	(UFFE)* D  High 97.02 98.18  1084 1084 1084 1084 1084 1084 1084 1			6 Pute 2 of 1009 L vol ( \$504 4422  2005#:	17,749.  6  Open int. 160711 110095  8.18 7.76 7.80 8.03 8.73 8.73 8.04 8.40 8.06 7.48	Mar Jun Sep Mar Jun Mar Jun Mar Jun Mar Jun LIFFE Mau Mar Jun 1022 1032 1032 1032 1032 1032 1032 1032	Open 115-09 114-25 114-25 114-24 NAL LONG Y100m 100 Open 118.50 117.01 res also trade +3 1045 +3 1045 +3 1045 +3 1045 +3 1045 +3 1045 +3 1045 +3 1045 +3 1045 +4 1045 +3 1045 +4 383 +4	Latest 114-25 113-09 114-07 TERM JAI JAI Stra of 100 Close of on AFT. A 4 2 2 1014 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Change -0-17	High 115-22 115-08 114-15 114-15 114-15 114-15 114-15 114-15 115-08 114-15 117-16 set fige. are fig. are fig	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 for previous 11	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0 0  - 52 week High law 216,1 204,2 113,4 1074,116,1 109,3 169,2 116,1 109,3 185,1 169,2 173,2 157,4 152,4 137,1 120,2 120,4 137,1 120,2 108,4 137,1 120,2 120
These Star 2017;	120 121 122 123 124 125 126 127 128 128 129 129 129 120 120 120 120 120 120 120 120 120 120	AN BUND I Sett price 96.92 96.12  TICES  TIGES  15.00 5.87 15.00 5.87 15.05 5.87 15.06 5.87 15.07 15.87 16.8	### Provided ### P	High   S7,02   1084			6 Pute 2 of 1007 L vol ( 8304 422 2005#:	17.749.  6 Open int. 160111 110095	Mar Jun Sop   Japan Mar Jun  NOTICE (LIFFE)  Mar Jun  LIFFE August  7.92 103/2  7.95 903/2  8.06 991/2  7.95 120/2  8.07 107/2  8.07 107/2  8.11 99	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-07 res also trade +1 1094 +2 1094 +3 1094 +4 1094 +4 1094 +4 1094 +4 1094 +4 1094 +5 1094 +6 1	Latest 114-25 114-07 114-07 TERM JAA this of 100 Close d on APT. A 204 204 204 204 204 204 204 204 204 204	Change -0-17	High 115-22 115-08 114-15 00VT. BON 118.64 117.16 117.16 117.19 118.64 117.16 117.19 118.64 118.64 1	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 117-01 10	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0 0  - 52 week High law 216,1 204,2 113,4 1074,116,1 109,3 169,2 116,1 129
Trees 94,pc 2017; 8.37 8.24 (95) 4.4 1115 (90) 8	120 121 121 122 123 Ent. vol. total, Calls 17,52 128 Ent. vol. total, Calls 17,52 Germany III MOTTOMAL GERMA Open Mar 96,94 Jun 96,13  UK GILTS PI  Notes Sherte* (Lines up to Flee Yi Trees 15*-pc 1996;21 Enth 13*-pc 1996;41 Enth 13*-pc 1996;41 Trees 18*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Trees 18*-pc 1998;41 Trees 18*-pc 1998;41 Trees 18*-pc 1999;41	AN BUND I Sett proce 95.12 96.12 10 ES 115.00 5.81 12.07 5.91 12.0	### Provided ### P	# day's op  (UFFE)* D  # day's op  # day'			6 Puts 2  of 1009 L vol   8304 4422  2005#: 2006-7: 2004-8 301 #: 2005-12: 2004-12: 2004-12: 2004-12:	6 Deen int. 160711 110095 int. 8.18 7.780 8.03 8.23 10.14 8.40 8.40 7.48 8.40 8.40 8.40 8.40 8.40 8.40 8.40 8	Mar Jun Sep Japan Morror (LIFFE) Mar Jun - LIFFE has 1984 and 1984 1984 1984 1984 1984 1984 1984 1984	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 res also trade + 108-5 + 108-5 + 108-5 + 128-5 + 128-	Latest 114-25 113-09 114-07 TERM JAA 100 Close of on APT. A 25 100 100 100 100 100 100 100 100 100 10	Change -0-17	High 115-22 115-08 114-15 00VT. BON 118.64 117.16 117.16 117.19 118.64 117.16 117.19 118.64 118.64 1	Low 114-25 114-09 113-24 D FUTUR Low 118-48 117-01 117-01 10	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0 0  - 52 week High law 216,1 204,2 113,4 1074,116,1 109,3 169,2 116,1 129
Files to Filteror Years Trees 10pt 2007 9.02 7.35 17652 +1 114 10432 Trees 10pt 2007 9.02 7.35 17652 +1 114 10432 Trees 10pt 2007 9.02 9.00 12 10 10034 10054 100 903 Trees 90pt 2002 9.7 7.59 17672 +1 114 10432 Trees 90pt 2002 9.7 7.59 17672 +1 114 1052 Trees 90pt 2002 9.7 7.59 17672 +1 114 1052 Trees 90pt 2003 8.77 7.7 10732 10732 9.7 10732 1073 9.7 10732 1073 1074 1175 1077 Trees 10pt 2003 9.8 7 7.7 10732 1073 1074 1075 1075 1075 1075 1075 1075 1075 1075	120 121 121 122 123 Ent. vol. total, Calls 17,52 128 Ent. vol. total, Calls 17,52 Germany III MOTTOMAL GERMA Open Mar 96,94 Jun 96,13  UK GILTS PI  Notes Sherte* (Lines up to Flee Yi Trees 15*-pc 1996;21 Enth 13*-pc 1996;41 Enth 13*-pc 1996;41 Trees 18*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Trees 18*-pc 1998;41 Trees 18*-pc 1998;41 Trees 18*-pc 1999;41	AN BUND I Sett proce 95.12 96.12 10 ES 115.00 5.81 12.07 5.91 12.0	### Provided ### P	# day's op  (UFFE)* D  # day's op  # day'			6 Pute 2  of 1009  L vol (  19304  4422  2005#  2006#  2007#  200	6 Open int. 160711 110095 Nt. 8.18 Nt. 7.90 Nt. 8.40 Nt.	Mar Jun Sep Morror (LIFFE Agus Mar Jun - LIFFE Agus	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118.50 117.01 res also trade + 1 108년 + 1	Latest 114-25 113-09 114-07 TERM JAI 14-07 Close of on AFT. A 24 135 224 24 135 224 24 137 224 24 137 224 24 137 2	Change -0-17	High 115-22 115-08 114-15 00VT. BON 118.64 117.16 117.16 117.19 118.64 117.16 117.19 118.64 118.64 1	114-25 114-09 113-24 D FUTUR 118-48 117.01 for previous 118-48 118-58	Est. vol. 413,833 81,326 1,819 1368 1,819 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int. 0 0  -52 week
Rice to Filteney Years	120 121 121 122 123 Ent. vol. total, Calls 17,52 128 Ent. vol. total, Calls 17,52 Germany III MOTTOMAL GERMA Open Mar 96,94 Jun 96,13  UK GILTS PI  Notes Sherte* (Lines up to Flee Yi Trees 15*-pc 1996;21 Enth 13*-pc 1996;41 Enth 13*-pc 1996;41 Trees 18*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Trees 18*-pc 1998;41 Trees 18*-pc 1998;41 Trees 18*-pc 1999;41	AN BUND I Sett proce 95.12 96.12 10 ES 115.00 5.81 12.07 5.91 12.0	### Provided ### P	# day's op  (UFFE)* D  # day's op  # day'			6 Pute 2  of 1009 L voi   SS04 4422  2005#:	17,749.  6  Open int. 160711 110095  8.18 7.76 8.03 8.73 8.03 8.73 8.04 8.40 8.06 7.48	Mar Jun Sep   Japan Morrior (LIFFE)  Mar Jun - LIFFE hau Fee	Open 115-09 114-25 114-14 NAL LONG Y100m 100 Open 118-50 117-01 res also mode + 108-5 + 108-5	Latest 114-25 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 1150 1150 1160 1150 1160 1160 1150 1160 116	Change -0-17	High 115-22 115-06 114-15 OVT. BON 118-64 117-16 8st figs. are 117-18 31 117	114-25 114-09 113-24 113-24 113-24 115-48 117-01 115-48 117-01 15-19 13-	Est. vol. 413,833 81,326 1,619 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,569 11,972  Open int. 0 0  - 52 week High Law  216,4 204,4 1134 1074,4 1136,1 1084,1 1136,1 1084,1 1137,1 1297,1 146,7 131
Trees 10pc 2007   9.02   7.55   110f2   +1 <sub>0</sub>   114   1042   1056   105   10	120 121 121 122 123 Ent. vol. total, Calls 17,52 128 Ent. vol. total, Calls 17,52 Germany III MOTTOMAL GERMA Open Mar 96,94 Jun 96,13  UK GILTS PI  Notes Sherte* (Lines up to Flee Yi Trees 15*-pc 1996;21 Enth 13*-pc 1996;41 Enth 13*-pc 1996;41 Trees 18*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Enth 15*-pc 1997;41 Trees 18*-pc 1998;41 Trees 18*-pc 1998;41 Trees 18*-pc 1999;41	AN BUND I Sett proce 95.12 96.12 10 ES 115.00 5.81 12.07 5.91 12.0	### Provided ### P	# day's op  (UFFE)* D  # day's op  # day'			6 Pute 2  of 1009 L vol ( 8304 4422  2009 H 2009 12 2007 13 2007 13 2001 14 2001 15 2001 17 2001 17 2001 17 2007 17 20	17.749.  6 Open int. 180111 110095	Mar Jun Sop   Japan Morrior (LIFFE)  Mar Jun - LIFFE Max Pices - 7.92 103/2 7.95 98/2 8.06 98/2 8.07 107/2 8.11 98 8.1	Open 115-09 114-25 114-14 V100m 100 Open 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 11	Latest 114-25 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 114-07 115-07 11	Change -0-17	High 115-22 115-06 114-15 118-64 117-16 118-64 117-16 118-64 117-16 118-64 117-16 118-64 117-16 118-64 117-16 118-64 118-	Low 114-25 114-09 113-24 D FUTUR 118-48 117-01 118-48 117-01 119-27 109-28 119-	Est. vol. 413,833 81,326 1,619 1368 1,619 1368 3821 1368 1368 1368 1368 1368 1368 1368 136	288, 193 134,569 11,972  Open int. 0 0 0  - 52 week _ High Low 216,2 204,2 1134 1074 1189,4 1089 1189,4 1391 1284 1189,4 1391 128,4 1391 128,4 1391 128,4 1391 128,5 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1395 1391 1391
Trees 94 pc 20021	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52 124 125 Ent. vol. total, Calls 17,52  Germany III MOTIONAL GERM Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes Sherts* Gives up to Five Y Tress 15-apc 1986;1 Ench 13-apc 1987;1 Ench 10-apc 1987;1 Ench 1988;1 Ench 1988;1 Ench 1989;1 Ench 1989;1 Ench 1980;1 Ench 19	AN BUND I Sett proce 95.12 96.12 10 ES 115.00 5.81 12.07 5.91 12.0	### Provided ### P	# day's op  (UFFE)* D  # day's op  # day'			6 Pute 2  of 1009 L vol ( 8304 4422  2009 H 2009 12 2007 13 2007 13 2001 14 2001 15 2001 17 2001 17 2001 17 2007 17 20	17.749.  6 Open int. 180111 110095	Mar Jun Sop   Japan Morrior (LIFFE)  Mar Jun - LIFFE Max Pices - 7.92 103/2 7.95 98/2 8.06 98/2 8.07 107/2 8.11 98 8.1	Open 115-09 114-25 114-14 V100m 100 Open 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 11	Latest 114-25 113-09 114-07 TERM JAA JAN 100 Close of on APT. A 4 100 Close of on APT. A 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Change  -0-17  -0-17  -0-17  PANIESE Greater  Change	High 115-22 115-08 114-15 115-08 114-15 115-08 114-15 117-16 117-	114-25 114-09 113-24  D FUTUR 118-48 117.01 for previous 11	Est. vol. 413,833 81,326 1,619 1388 3821 1388 3821 1388 13821 1388 13821 1388 1382 1382	288, 193 134,589 11,972  Open int. 0 0 0  -52 week - High Law 218,4 204,3 1974 113,4 1974 113,5 1974 1150,5 1668 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1674, 1528 1675, 1528 1675, 1528 1676, 1528 1677, 15
Treas Bpc 20031; 7.86 7.87 1015 1055 845 Undated  Treas Bpc 20031; 7.88 7.87 1015 1055 845 Undated  Treas Bpc 20031; 7.88 7.87 1015 1055 845 Undated  Treas Bpc 20031; 7.89 1056 845 1056 845 1056 845 1056 1057 Coroside Apr 8.40 4.75 1.504 554 554 554 555 1056 1057 1057 1057 1057 1057 1057 1057 1057	120 121 121 122 123 Est. vol. total, Calls 17,52 123 Est. vol. total, Calls 17,52 124 125 Est. vol. total, Calls 17,52 126 Est. vol. total, Calls 17,52  Geormality  III MOTIONAL GERM  Open Mar 98,94 Jun 98,13  UK GILTS PI  Notes Shects** (Lives up to Five Yi Trees 15-apc 1996;11—Esth 13-apc 1998;11—Esth 13-apc 1998;11—Esth 13-apc 1997;11—Trees 1997;11—Trees 1997;11—Trees 1997;11—Trees 1997;11—Trees 1997;11—Esth 13-apc 1997;11—Esth 13-apc 1997;11—Trees 1997;11—Esth 13-apc 1998—Esth 13-apc 1998—Esth 13-apc 1998—Esth 13-apc 1999—Trees 1999—Trees 1999—Trees 1999—Trees 1999—Trees 1999—Esth 12-apc 1999—Trees 1999—Trees 1999—Esth 13-apc 1999—Esth 13-apc 1999—Trees 1999—Esth 13-apc 1999—Trees 1999—Esth 13-apc 1999—Trees 1999—Esth 13-apc 1999—Trees 1999—Esth 13-apc 1999—Esth 13-apc 1999—Trees 1999—Esth 13-apc	AN BUND I Sett price 96.92 96.12  ICES  ICES  110.50 5.51 13.05 5.	### Provided ### P	High   S7,02   98,18   1084   1074   1074   1084			6 Pute 2  of 1009 L vol ( 8304 4422  2009 H 2009 12 2007 13 2007 13 2001 14 2001 15 2001 17 2001 17 2001 17 2007 17 20	17.749.  6 Open int. 180111 110095	Mar Jun Sop   Japan Morrior (LIFFE)  Mar Jun - LIFFE Max Pices - 7.92 103/2 7.95 98/2 8.06 98/2 8.07 107/2 8.11 98 8.1	Open 115-09 114-25 114-14 V100m 100 Open 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 11	Latest 114-25 113-09 114-07 TERM JAIN 100 Close of on APT. A 25 125 25 25 125 25 125 125 125 125 125	Change  -0-17  -	High 115-22 115-08 114-15 115-08 114-15 115-08 114-15 117-16 117-	Low 114-25 114-09 113-24   Low 118-48   117-01   118-48   117-01   117-02    117-02   117-02   117-02   117-02   117-02   117-02   117-02    117-02   117-02   117-02   117-02   117-02   117-02   117-02    117-02   117-02   117-02   117-02   117-02   117-02   117-02    117-02   117-02   117-02   117-02   117-02   117-02   117-02     117-02     117-02     117-02     117-02	Est. vol. 413,833 B1,326 1,619 1368 1368 1368 1368 1368 1368 1368 1368	288, 193 134,589 11,972  Open int.  0 0  - 52 week - Helph Law Helph Law 216, 294, 1974 1134, 1974 1152, 1968 1851; 1658
Trans 11/2 pc 2001 - 4	120 121 121 122 123 Ent. vol. total, Calls 17,52 123 Ent. vol. total, Calls 17,52  Germany III MOTIONAL GERM Open Mar 98,94 Jun 96,13  UK GILTS Pi  Notes Sheets* Gives up to Flory 17 Trass 15-lpc 1996±1 Conversion 10pc 1996 Trass 15-lpc 1997 Ent 15-lpc 1999 Trass 6-lpc 1995 Trass 15-lpc 1990 Trass 6-lpc 1995 Trass 15-lpc 2000 Trass 2000	AN BUND 1 Sett proce 95.92 95.12  **Told   int   Red 15.00   5.91 12.05   5.91 12.05   5.91 12.05   5.91 12.05   6.92 12.31   6.93 12.33   6.93 12.34   6.93 12.34   6.93 12.35   6.94 12.37   6.94 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   6.95 12.37   7.21 10.77   7.24	### Previous ####################################	CUFFE D D High ST.02 98.18 1084 1084 1084 1084 1084 1084 1084 10			6 Pute 2  of 1009 L vol ( 8304 4422  2009 H 2009 12 2007 13 2007 13 2001 14 2001 15 2001 17 2001 17 2001 17 2007 17 20	17.749.  6 Open int. 180111 110095	Mar Jun Sop   Japan Morrior (LIFFE)  Mar Jun - LIFFE Max Pices - 7.92 103/2 7.95 98/2 8.06 98/2 8.07 107/2 8.11 98 8.1	Open 115-09 114-25 114-14 V100m 100 Open 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 117-01 118-50 11	Latest 114-25 113-09 114-07 113-09 114-07 Close of on AFT. A A Close of on AFT. A	Change  -0-17 -0-1	High 115-22 115-08 114-15 115-08 114-15 115-08 114-15 117-16 117-	114-25 114-09 113-24  D FUTUR 118-48 117-01 for previous 118-48	Est. vol. 413,833 81,326 1,619 1388 3821 1388 3821 1388 3821 1388 1382 1382	288, 193 134,569 11,972  Open int.  0 0  - 52 week
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DAY FEBRUARY NIN

MARKETS REPORT

## Dollar rebounds on talk of central bank support

By Graham Bowley

reper the design of the first of the inverse and the first of the firs Rumours of central bank intervention swept through foreign exchange markets yesterday helping the dollar to rebound after earlier weak-

a formed a come of comprising best of Singapore in educational, and i ness. The dollar's recovery undermined the D-Mark, causing it bas nown make to weaken against most other European currencies. Its decline was most marked against the Italian lira and Swedish krona.

Data showing subdued US producer price inflation and a drop in US retail sales helped settle US Treasury bond prices after recent turbulence, lendas signed a National Control of the ing further support to the dollar's revival. A downwards revision to December German industrial production to show very little improvement in activity at the end of last year also gave a boost to the dollar at the expense of the D-Mark, analysts said.

Sterling managed to hold on to some of its gains following

the UK government's narrow victory in the vote on the Scott Report on arms to Iraq. But dealers said the government's political troubles continued to act as a drag on the pound. Sterling finished stronger

against the D-Mark at DM2.2359, from DM2.2285 at the previous close. Against the dollar, it closed weaker at \$1.539 from \$1.540.

The dollar finished in Europe at Y104.5050 from Y104.27, and at DM1.4528 from DM1.4471. The Italian lira closed at L1,066 from L1,076 against the D-Mark. The Swedish krona finished at SKr4.602 from SKr4.654 against the D-Mark.

■ The dollar and the yen were once again at the centre of market activity yesterday, with

Feb 27	<u>Late</u> gt · ·	Prev. close
E spot	1.5400	1 5410
1 mm	1.5389	1.5398
3 milio	1.5377	1.5377
1 yr	1.5257	1.5252

the dollar recovering in spite of the growing chorus of dollar

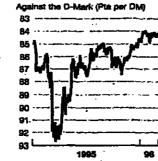
There were widespread rumours that the US currencv's rebound was down to central bank intervention with the Bank of Japan and the Bank of England touted as the big buyers of dollars for yen. But some analysts said market sentiment had turned against the dollar and that its

only temporary. Mr David Brown, chief European economist at Bear Stearns in London, said: "The mood has definitely turned negative. We are at key levels here." He said that without intervention the dollar could have moved below Y100

recovery was likely to prove

against the yen. He said that technical factors due to the end of the Japanese financial year, traditionally associated with the repatriation of Japanese investment flows back to Japan, meant there were currently heavy

CURRENCIES AND MONEY



downward pressures on the

Mr Malcolm Barr, currency analyst at Chemical Bank in London, said that many long-term investors had "swallowed the weaker yen story" that enjoyed widespread support at the beginning of this year but that "the pieces of that story have so far failed to fall into place". As a result,

DOLLAR SPOT FORWARD AGAINST THE DOLLA

"the dollar is looking heavy at the Maastricht criteria, yet the moment," he said.

■The Italian lira and Swedish krona made strong gains against the D-Mark.

Analysts said that signs that Mr Lamberto Dini, Italy's outgoing technocrat prime minis-ter, continued to command popular support from the Italian electorate was helping the currency on the prospect that he might help bring stability to

a new government.

An opinion poll showed that the prime minister's new party would get 8.5 per cent of Italian votes in the election on April 21.

Mr Tony Norfield, UK treasury economist at ABN Amro in London, said that the D-Mark's weakness was due to growing concerns about con tradictions in the German gov ernment's policy towards Eur pean monetary union.

He said Germany's high de to GDP ratio meant that th country was unlikely to me

the same time the governme

was saying that the criter would not be watered down. "We are seeing an interes ing picture building up he with many foreign investo seeing risks in German policy he said.

■The Spanish peseta mad less headway against the D-Mark than the lira but dea ers said demand for the pese was strong ahead of the ele-tions at the weekend.

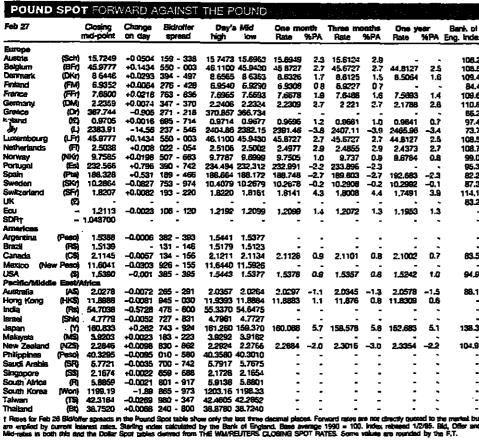
Mr Norfield said there wa evidence that the Bank Spain was buying D-Marks f pesetas in order to build up i foreign exchanges and to ke the peseta stable ahead of the elections.

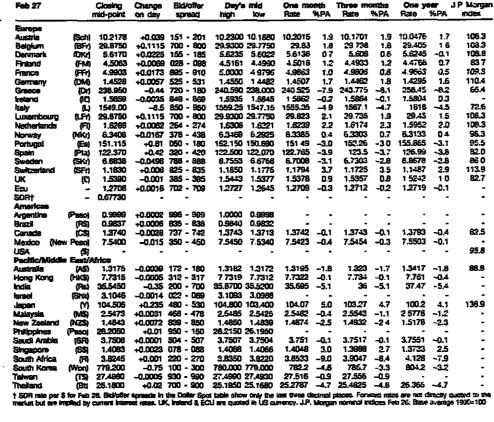
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WORLD INTEREST RATES

MONEY RATES



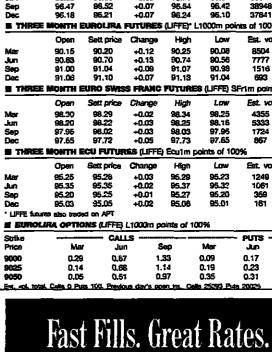


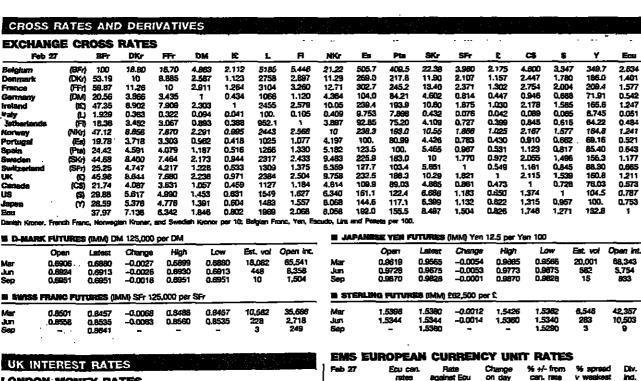
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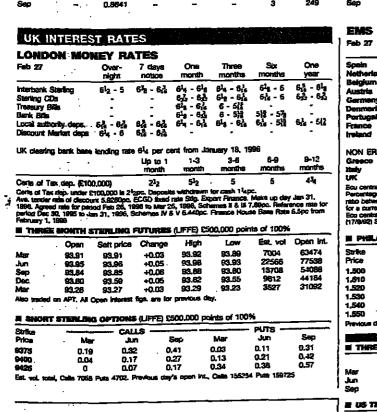
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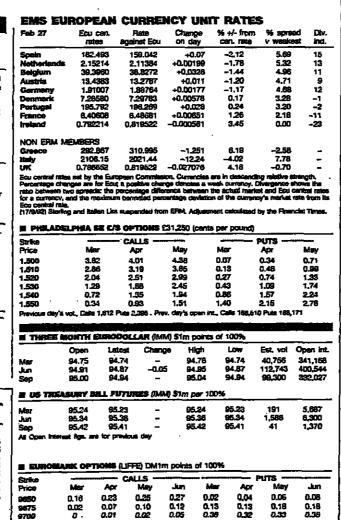
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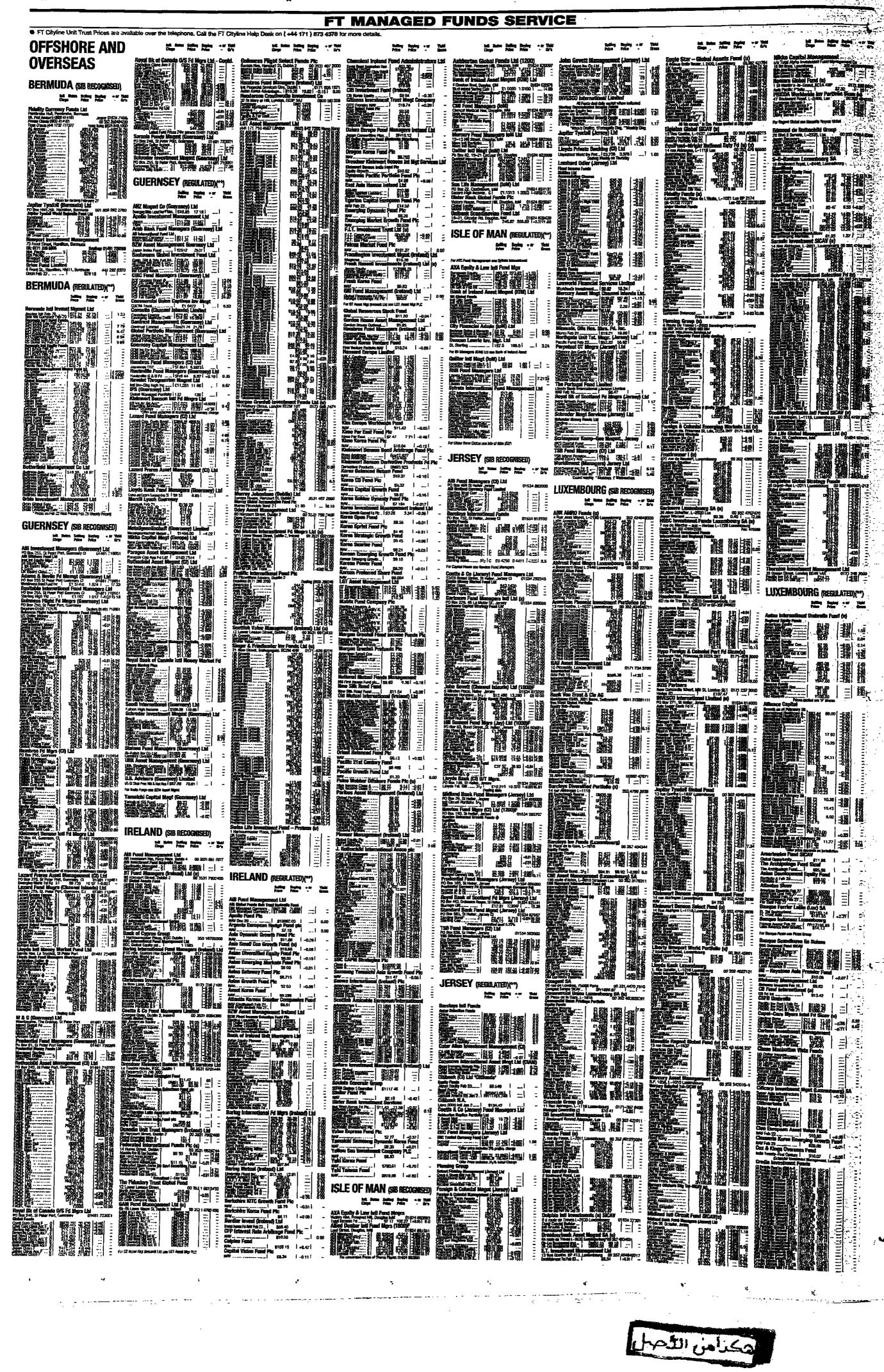
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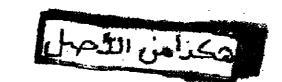
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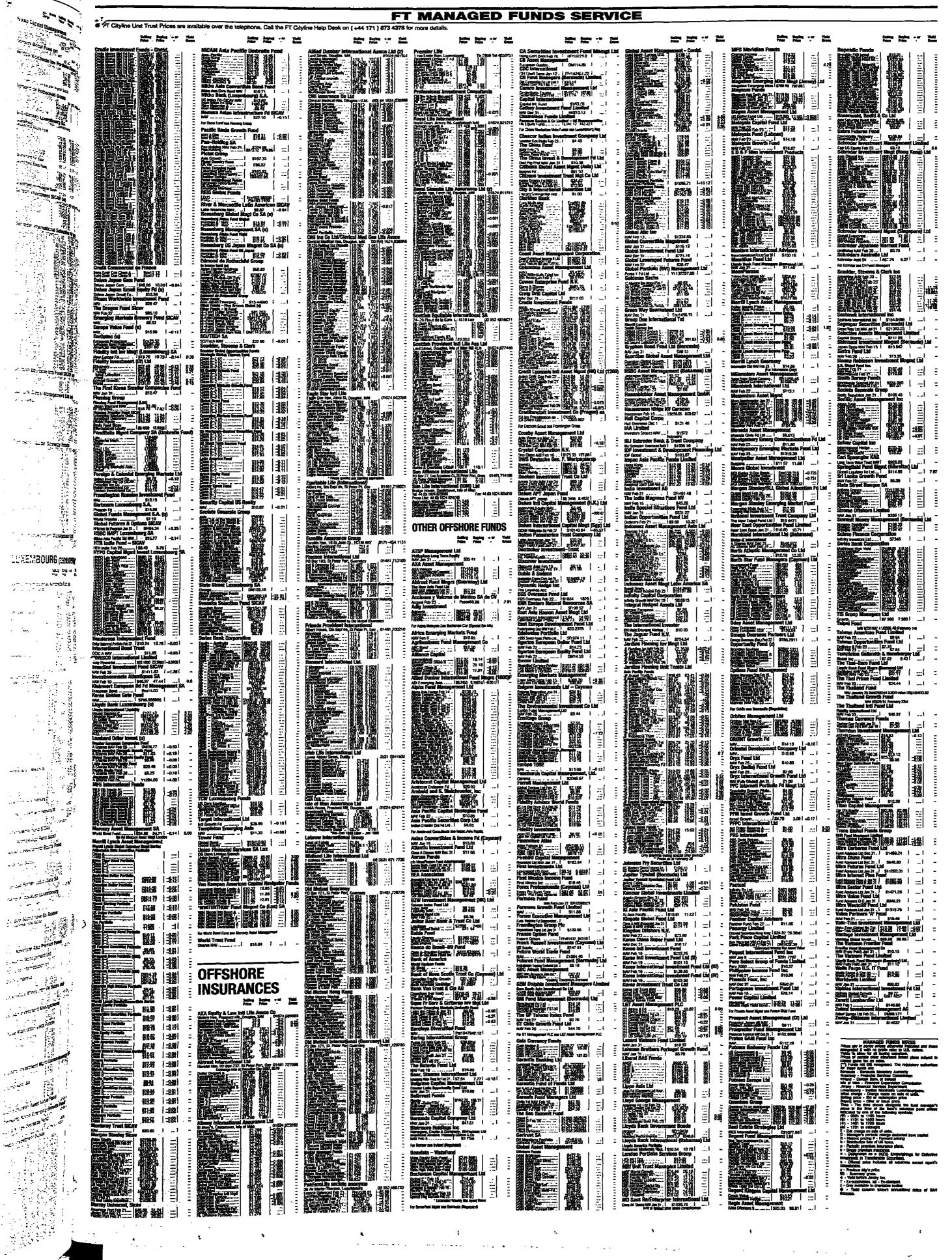




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## Takeover speculation returns and lifts market

**UK Stock Market Editor** 

A fresh burst of takeover news helped to revive London's equity market, which made useful ground in spite of another sharp opening fall on Wall Street.

Confirmation that Kvaerner, the Norwegian shipping group, is considering a bid for Trafalgar House. the troubled UK conglomerate, instantly revived the market's hope that more bids or mergers could be in the pipeline.

The bid rumblings, plus widehad just managed to squeak through the Commons vote on the

power to drive the FT-SE 100 index up 11.7 to 3.715.9.

The performance of the FT-SE Mid 250 index, on the other hand, was something of a disappointment, with the index only managing a mere 3.7 gain and failing to move back through the 4.200 level, eventually closing at 4,198.7. Traders were surprised at the sluggish performance of second liners given the steep rise in Trafalgar House, whose shares raced up more than 30

There was plenty of action in the spread relief that the government front-line stocks, however, to keep the market boiling, notably a share buyback in Barclays, which helped

price and gave a substantial lift to market turnover.

Barclays shares had drifted back in spite of more than adequate results which included a 24 per cent increase in the dividend.

At 6pm, turnover in the equity market reached 732.9m shares, with Barclays accounting for 91m, or 12 per cent of the overall total Dealers expected the Barclays cash to come straight back into the

equity market and probably into the financials. National Westminster is seen as

Chartered are expected to include a

another potential buyback stock, while today's results from Standard

Casino operators were said

to be particularly pleased with

the proposals. Shares in Lon-

don Clubs forged ahead 18 to 490p, and those in Stakis hard-

ing. However, Chargeurs' sus-

pension on the Paris bourse

was ultimately shown to her-

ald a demerger and BSkyB

Telegraph shares fell 16 to

Once again, the banking sec-

tor produced good figures that

463p on disappointment with

full-year figures.

trickled back to end 51/2 better

ened 3 to 91p.

Scott report, provided sufficient fire to arrest an early slide in the stock 50 per cent rise in the dividend.

The trading session began on a cautious note with the Footsie opening marginally easier as marketmakers eyed the 65-point decline overnight in the Dow Industrial Average. The fall was only partly offset by the late rally in US bonds.

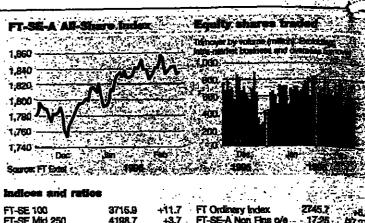
The government's success in the Scott vote had only a minor impact on sentiment - dealers said a defeat would have been followed by a government victory in a no-confidence

But with gilts in reasonably good shape in the wake of T-bonds and ahead of today's £3bn auction, the equity market began to pick up speed, and the Footsie reached the

Thereafter the index gradually eased in relatively quiet trading apart from the Barclays buyback to close comfortably clear of the 3 700 level.

Marketmakers still see 3,700 as providing a solid floor for the market and view 3,750 as a viable target in the short term. Anything above 3,750 is seen as holding dangers for investors.

Much of the day's rise in the cash market came from pressure in the Footsie future, which had been sold hard on Monday ahead of the Scott debate, leaving plenty of short positions which had to be filled in



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Source: FT Extel	1904	4 4 D.		
Indices and ratios				
FT-SE 100	3715.9	+11.7	FT Ordinary Index 27	45.7
FT-SE Mid 250	4198.7	+3.7	FT-SE-A Non Fins o/e 1	7.25 : b7 :
FT-SE-A 350	1858.0	+5.0	FT-SE 100 Fut Mar 37	20.0 · i-je
FT-SE-A All-Share	1834.62	+4.36	10 yr Gift yleid	7.92
FT-SE-A All-Share yield	3.79	(3.79)	Long glivequity yld ratio:	220 أي
Best performing s	ectore .		Worst performing sec	tors
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2 Alcoholic Beverages		+1.0	2 Electronic & Elec	
3 Leisure & Hotels	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	+0.9	3 Other Financial	

## **Trafalgar** jumps on bid hope

Loss-making Trafalgar House, buoyed throughout the morning by strong takeover rumours, shot forward even more dramatically following confirmation that Kvaerner, of Norway, was interested in making a recommended offer.

The hot gossip suggested

that the Norwegian shipbuilding and energy engineering giant was actively negotiating to purchase Hong Kong Land's 26 per cent stake in the group and was teeing up a bid for the rest of Trafalgar in excess of 50p a share.

Kvaerner, which last year bid unsuccessfully for construction group Amec, was said to be anxious to snap up Trafalgar's deep water technology, a business which directly overlaps with a similar operation at Amec.

Trafalgar has come up from 24p since the start of this year. Yesterday, the shares shot forward 84 to 474p for a two-day advance of almost 25 per cent. Turnover was 26m, backed by

heavy options trading Talk that any bid for Trafalgar would lead Kvaerner to dispose of the 26 per cent stake taken in Amec at the time of the thwarted takeover dented Amec shares. These fell 5 to 95p in nominal trading volume.

## Reuters in demand

Shares in Renters were among the top performers in the blue chips after buying in New York and a change of

recommendation in London. One US hedge fund was believed to be a big purchaser of the news and financial information group's shares, possibly taking advantage of a dividend

Dealers said a difference in timing between the release of the dividend in the US and the UK allowed US investors to go short of Reuters stock and then buy it back for the dividend. There is also heavy switching between investors who have to pay tax on dividends, and gross funds exempt from tax. Next, Panmure Gordon,

which has just released its seminal review of the media sector, has moved its recommendation on Reuters from hold to buy. The broker believes the prospects of a special dividend or share buyback boosts the price/earnings rating relative to the market.

Finally, there was a sharper focus on a distribution of cash to shareholders after the announcement of a 40m-share buyback in the banking sector. Reuters ended the day 15 up at 707p after being 22 ahead at

#### Guinness active

Spirits group Guinness topped the list of the day's most active traders after long term bear UBS turned more positive on the stock.

The securities house had been a seller of the shares since June 1994 but UBS yes terday upgraded its recommen dation from "sell" to "hold". The shares responded by jumping 11 to 453p, although

Explaining the change of stance, analysts at the securities house said: "The current (price/earnings ratio) rating discounts the dull growth prospects for the spirits market worldwide and Guinness has better cash generation than its

peer group. The broker also believes the UK spirits group is well positioned to take advantage of consolidation in the industry in the medium term.

Plans - published yesterday

in a Home Office consultative paper - to ease the regulation surrounding the gambling industry cheered the market and boosted many stocks from related industries. The list of forward movers included Rank Organisation,

which is expected to particularly benefit from the relaxation of bingo hall rules. The shares appreciated 7 to 491p, while those in Bass finished 4 higher at 742p.

#### failed to inspire share prices. FINANCIAL TIMES EQUITY INDICES

	F#D 21	P#U 29	F80 23	T 500 22	100 51	11 680	LIN'S	1,000
Ordinary Share	2745.7	2738.9	2760.6	2761.5	2741.0	2288.2	2788.2	2238.3
Ord. div. yield	3.90	3,91	3.86	3.88	3.87	4.66	4.73	3.76
P/E ratio net	16.46	16,40	16.14	16.13	16.49	16.48	21.33	15.35
P/Erationii	16.25	16,18	15.93	15.93	18.27	16.00	22.21	15.17
For 1995/96, Ordinary Share Index since compilation, high 2788.2 18/01/96; low 49,4 28/8/40, Base Date. 177/95.								

Open	9.00	10.00	11.00	12.00	12.00	14.00	15.00	16.00	High	Low
2737.9	2743.2	2748.7	2745.4	2746.0	2746.5	2748.7	2748.1	2747.2	2750.2	2734.3
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Rises and talls		52 Week highs an	d lows	LIFFE Equity optic	ons -
Total Rises	600	Total Highs	79	Total contracts	26,126
Total Falls	632	Total Lows	26	Cats	13.381
Same	1.564	1		Pure	12,745

#### Mastering Management is a 20 Financial Times. World Business Newspaper. weak series being published in

the UX edition of the Financial Times, to which international readers can also subscribe.

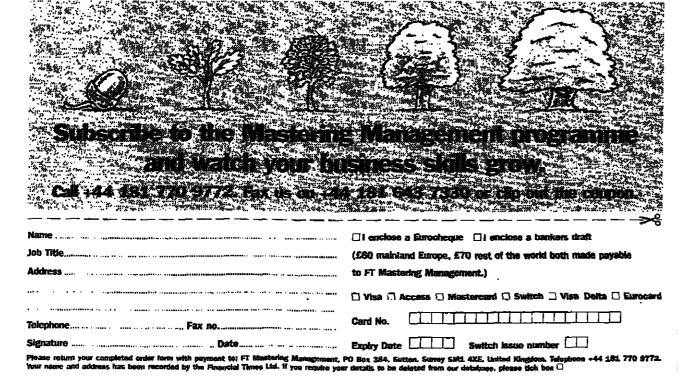
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Barclays came out with profits broadly in line with expectations and the stock slipped 18 initially. There were worries about cost growth and the anticipated share buyback did

not come. More modest gains were also Then, later in the afternoon, recorded in Ladbroke - a penny firmer at 181p - and in Barclays said it was repurchas-Capital Corporation, which ing 40m of its shares and the also put on a penny at 219p. Satellite broadcaster BSkyB underlying price recovered but still closed 6 off at 765p, with was volatile as rumour crackturnover of 91m by the end of led through the market that the day showing the buyback Chargeurs, the French comhad been executed. pany with a 17 per cent stake, was about to offload its hold-

The trend of encouraging results in the composites was continued by General Accident, which reported surprisingly good UK business. The shares rose 13 to 650p. However, the sector came

under pressure late in the day as the market got wind of a sector downgrade by NatWest Securities. The broker believes prospects for the industry, and insurers' exposure to a nervous bond market, make it an area to avoid following recent strong performance. Royal Insurance receded 3 to 377p.

Unilever was one of the stocks that resisted the firm market trend. The shares eased 7 to 1201p. A recent note from Strauss Turnbull confirmed its more cautious short term stance on the stock. Strauss had been one of Unilever's long term fans. Unigate gained 6 at 443p,

after it said it was in discussions with Hillsdown Holdings to acquire its Harris pig meat business for £11.4m. The move is seen as positive for Unigate and sentiment was enhanced by news of an increase in the retail price of milk. Unigate is a big supplier of milk. Hillsdown closed 2 lower at 172p. Northern Foods, another hig milk supplier which is expec-

ted to gain from the price increase, hardened 2 to 194p. Reiterated buy advice from SBC Warburg helped Charter Consolidated add 15 at 846p, after closing on Friday at 819p. The broker has a target price

of 947p which, it feels, more closely reflects the true value of the group's ESAB welding equipment business.

Bartics, Retail

Results from George Wimpey met City targets but yesterday's meeting with analysts was a slightly downbeat affair. The shares lost 2 at 134p. Software group Acorn Com-puters shed more than 7 per

move deeper into the red. The shares closed 17 off at 224p. Up some 6 per cent in two days on the back of share buyback talk, British Steel continued to top the active stock charts with turnover of 17m

cent on news of the group's

but it eased 21/4 to 180p. Rolls-Royce, a strong market lately in the run-up to next week's results statement, also met with sell orders. The shares were the Footsie laggard, slipping 21/2 to 2071/2p.

Mobile phones group Vodafone was the Footsie backmarker, dipping 3½ to 227½p. The shares were lifted last week by a positive US presentation.

LONDON RECENT ISSUES: EQUITIES issue And price paid p up (Sur.) 498 BZW Eq (Brinds) 5<sup>1</sup>2 †Bellynatery 5<sup>3</sup>4 Chabbaus 3<sup>1</sup>4 Chabbaus Wita 70 †Dimatek 11 Ex-Lands Propa

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Copyright, The Pinancial Titries Limited 1898. "FT Gold Mires Index" in a tradement of The Financial Titries United. Figures in brackets show number of companies. State US Dollars, Base Values: 1000,00 31/12/82. † Partel. Latest prices were convestigable for this edition.								

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Additional information on the FT-SE Accustes Strare indices is published in Saturdary issues.

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THEBRUARY 28 1994

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## **US** equities lower on rate rise worries

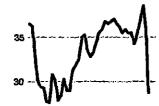
#### Wall Street

Data suggesting that the Federal Reserve might not lower interest rates at next month's meeting of its Open Market Committee sent US share prices lower in midday trading, writes Lisa Bransten in New

At Ipm the Dow Jones industrial Average was off 29.62 at 5,535.48, the Standard & Poor's 500 lost 3.49 at 646.97 and the American Stock Exchange composite was 1.03

#### Microchip Technology

Share price (S)



Jan 1996

weaker at 564.32. New York SE volume was 246m shares. The Nasdaq composite slipped 4.32 to 1.108.73 and the

Pacific Stock Exchange technology index was 0.6 per cent Just after noon the Dow was down more than 50 points, trig-gering the "uptick rule" that

restricts program selling. Yesterday marked the sixth consecutive session in which the volatile market has traded with restrictive collars.

Yesterday's data was mixed. with figures on January producer prices posting less of a

expected. But the more recent Conference Board figures on February consumer confidence showed a strong rebound from the January numbers, suggesting that consumers might not be a drag on economic activity.

In individual shares, Microchip Technology tumbled \$611 or 19 per cent to \$29% after warning that it expected fourth-quarter sales and income to fall below analysts' estimates.

Cephalon dropped \$3% or 14 per cent to \$20% as rumours spread that the biotechnology group would have to mount another trial of myotropin - a drug to treat motor neuron disease. Chiron, which is working with Cephalon on the drug. told news agencies that it had never suggested the drug might need another trial.

Chiron was \$% easier at at FFr1.201 ahead of its demer-\$115% and the American Stock Exchange biotechnology index ger announcement during the fell 0.9 per cent. course of the afternoon. But the story whetted speculative appetites as the CAC-40 index

#### Canada

Toronto was weak for the second consecutive session as lower than expected US producer prices sent mixed signals on economic recovery in the second quarter of this year.

The TSE 300 composite index had dipped 12.92 by noon to 4,944.20 in volume of 40.2m Placer Dome rose C\$12 to

C\$3934 after its president, Mr John Wilson, said that the gold producer expected increased earnings in 1996, compared with the previous two years.

Bombardier edged forward C\$% to C\$21% as the group said that it had decided not to make an offer for the assets of the troubled Dutch aircraft maker Fokker because the risk of such an acquisition was

## **Telmex helps Mexico**

Telmex helped to support the market in MEXICO CITY. Brokers said foreign investors were noticeable mainly by their absence, although those who were busy were purchasing the telephone utility.

The IPC index was standing 1.48 points softer at midsession Telmex domestic stock was

up nearly 1 per cent by midsesgroup's ADRs traded on Wall

Other active stocks were Visa, up 4.7 per cent, and Hylsamex, 3.5 per cent ahead. SAO PAULO was nearly 1

per cent lower by mid-morning as investors concentrated their attention on a round of debates in the country's congress during the coure of the week.

The Bovespa index had shed 482.50 to 51,970 by noon.

Johannesburg was weak in quiet trade, with industrials taking their lead from Wall

Street's early performance and golds marginally down in reac-

The overall index lost 63.5 at

6,723.1, industrials fell 68.6 to

8,326.3 and golds dipped 14.4

Anglo American led the

market lower, dropping R5.50

to R257.50. Iscor, the steelma-

ker, receded 29 cents to R3-25

FT/S&P ACTUARIES WORLD INDICES

241.58

to 1.752.5.

Italy (59)..

Norway (33) ...... Singapore (44) .... South Africa (45)

tion to a dull bullion price.

in the senate a vote on the extension of a R\$20bn special budget fund, known as the fiscal stabilisation fund, was due to take place tomorrow.

**BUENOS AIRES** dropped 1.5 per cent at the opening, dogged by selling on Wall Street. The Merval index registered

a decline of 7.32 at 507.25 by midday. On Monday the market closed 2.1 per cent down. just 10m pesos.

Traders said industrial production statistics released after the close on Monday were disappointing, but had not taken

investors by surprise.

CARACAS followed the general regional trend. By midafternoon the IBC index was down 40.66 or 1.4 per cent at 2,784.86. On Monday the market closed off 2.4 per cent at 2,825.52 in slow trading.

warning shareholders on Mon-

day that lower pulp and paper

prices would hurt earnings

De Beers declined R3.50 to

ues. Vaal Reefs surrendered

R126.50 while, among gold

R7.50 to finish at R375.

this fiscal year.

293.62 178.84 181.47 166.88 420.80 250.00 71.08 146.25 506.01 1090.34 270.11 78.38 232.59

438.03 367.70 168.36 323.48 222.80 175.77 221.91 255.82

233,32 197,58

174.99 249.20 179.65

288.07 171.14 48.66 100.12 346.40 746.42 184,91 53.66 159.22

221.45 152.53 120.33 151.92 175.13

159.72 135.26 192.39 108.86 119.79 170.60 122.98

130,40 328,82 195,35 55,54 114,28 395,40 852,00 211,06 61,25

182.31 154.39 219.60 124.26

136.73 194.73 140.38

Uncertainty over the housing S African industrials retreat as the market registered disappointment with the high con-tribution by extraordinary items to its interim results. announced on Monday. Sappi slid R3 to R48 after

Local % chg on day

03 -01 -01 -0.1 -0.1 -0.6 -0.3 -1.4 -0.2 -1.5 -0.2 -0.9 -0.9 -0.4 -0.5 -0.4 -0.5 -0.4 -0.5 -0.4

172.92 142.85 155.59 297.37 153.87 232.21 175.40 147.04 130.40

433.87 230.21 85.88 100.12 514.98 9354.59 207.52 63.86 207.37 294.78 336.53 161.55

cent to FFr279 as reports circulated that Mr Carlo de Benedetti, the Italian businessman

insurer led equities up after MILAN, too, saw action in hours. The Dax index closed rumour driven stocks as the 10.36 higher at an Ibis-indi-Comit index edged 0.47 higher cated 2.449.09. Allianz coming out DM46 ahead at DM2,816 on to 593.53, helped by gains in the lira and bond futures. its profits, its beta status and

> Valeo rumours. The stake is held through Cerus, a French holding company, which said late in the day that no decision had been taken, but that investment bankers had been asked to undertake a strategic study. Cir. the holding company, advanced L14.4 to L864, Cofide L32.6 to L601 and Oli-

Elsewhere, Snia, the fibres and chemicals holding com-pany, and other Fiat-controlled companies, were sharply higher on renewed speculation that the motor group planned a sell-off as it refocused on its core business.

Snia moved ahead L48 to L1,431, while Spia Fibre jumped L27 to L640. Caffaro.

features as the AEX index finished 0.34 firmer at 507.60. Oce-van der Grinten, the

advanced FFr13.50 or 5.1 per might sell his 28 per cent stake in the car parts group.

Companies in Mr Carlo de

Benedetti's stable firmed the vetti L2 to L927.

the chemicals group, rose L45 to L1.515 and Sorin, the bio-engineer, by L139 to L4.600. AMSTERDAM ran individual

FT-SE Actuaries Share Indices THE EUROPEAN SERIES Housey changes Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FT-SE Eurotrack 100 1548.50 1548.70 1551.56 1552.46 1552.95 1556.08 1557.42 1556.41 FT-SE Eurotrack 200 1643.83 1843.46 1644.10 1643.82 1642.52 1846.13 1845.49 1643.14 Feb 23 1557.27 1658.13 1551.65 1646.19 1536.56 1645.12 1510.94

manufacturer of photo copying machines, rose another Fl 4.40 to Fl 131.50 after its positive 1995 earnings announcement on Monday and forecast for another strong rise in 1996, particularly in the US.

On the secondary market, which is mainly where domes tic investors trade, Fokker lost 10 cents to Fl 2.10 after Bombardier, of Canada, said that it had called off talks, and had decided not to make an offer for the ailing regional aircraft

Hagemeyer rose 70 cents to Fl 100.20 as it published 1995 results which came within the range of most analysts' forecasts. Akzo Nobel lost another FI 1.40 to FI 181.50, as the shares continued to reflect disappointment with Monday's set of 1995 figures.

ZURICH saw selective demand for blue chips which took the SMI index 11.3 higher to 3,309.9.

UBS bearers rose SFr16 to

SFt1,241, with Mr Martin Ebner's RZ Bank said to be a buyer. Attention had been refocused on UBS this week after Mr Stephan Schmidheiny, the industrialist, confirmed that he had taken a stake by buying

Alusuisse fell SFr8 to SFr933. still pressured by Monday's news that the company nlanned a SFr70m increase in authorised capital.

almost 1m registered shares.

BBC lost SFr10 to SFr1,443 on profit-taking ahead of today's profits figures of ABB Asea Brown Boveri. Swissair fell SF17 to SF11,083 following 1995 figures from the Belgian airline Sabena, in

has a 49.5 per cent stake. STOCKHOLM's affinity with bond yields, a bonnee in Volvo and a 2.8 per cent gain in forestries took it to all-time highs, the Affärsvärlden General index climbing 14.1 to 1,878.0 in turnover of SKr3.4bn. Volvo B moved forward SKr5

article said that its car division would replace its entire product range over the next four years. SSAB, the steelmaker, reported record profits, forecast a squeeze on margins, and saw its shares gain SKr1.50 at SKr78.50.

ISTANBUL closed at another all-time high on continuing hopes that a coalition government would soon be formed between Turkey's two leading conservative parties. The composite index, which

jumped 10 per cent on Monday. rose another 2,441.46 or 4.1 per cent to 61,673.52 in turnover that surged to an all-time peak of TL2.640bn. Brokers noted, however, that

profit-taking had pulled the index back from its historic intra-day high of 62,971.97. PRAGUE climbed to a high for the year as the PX50 index of leading shares gained 2.4 or

0.5 per cent at 466.0. Turnover was Kcsllbn. Among active stocks, Ceska Sporitelna, the country's largwhich the Swiss flag carrier est savings bank, leapt nearly 2.5 per cent, or Kcs5 to Kcs195. Brokers suggested that the company's advance this week

- the stock was also up 2.5 per cent on Monday - could be put down to comments from the bank at the end of last week that it would issue a GDR by

Allianz and bond yields lead Frankfurt advance WARSAW was slightly was a significant was a significant was in Zasada, the appropriate group, which single significant was in Zasada. 10 per cent after Minery 26 per cent rally on report that the company would street

co-operation agreement with Mercedes-Benz of Germany The WIG index rose 0.8 per cent to 10,502 1 as turnover fell 12.5 per cent to 91.8m zkotys.

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BUDAPEST paused for breath after Monday's 6 per cent gain after the nomination of a new finance minister. The BUX index eased 0.92 to 2.222.67. Turnover rose to Ft1bn from Monday's Fishm

TEL AVIV was affected by a negative showing in Koer Industries, which dropped 3 per cent to Shk30,258 in turn over of Shk4m.

The Mishtanim index lost 0.27 to 209.74 in turnover of Shk85m shekels against Monday's Shk81m.

Nice Systems, the day's most active share, surged 5.5 per cent to Shk2.542 in high wilume of Shk5.2m following an overnight rise of 7.6 per cent is its shares traded on Wash Street. Since the beginning of the week Nice has gained 215 per cent locally.

Written and edited by William Cochrane, Michael Morgan

## Nikkei sheds 2.3% on combination of negative news

#### Tokyo

Equities lost 2.3 per cent, testing the 20,000 level as the over-night drop on Wall Street, the bigher yen and rising long-term interest rates hit investor confidence, writes Emiko Terazono in Tokyo.

The US data went down well in FRANKFURT. While a 33 per

cent rise in profits at Allianz

merely supported the market

during the session, the big

its response to easing bond

DM8.3bn to DM7.7bn. The bet-

ter tone did not save MAN.

down another DM10.70 at

DM409.50 after Monday's disap-

pointing first-half results; DB

Research lowered its recom-

mendation for the truckmaker

and engineer from neutral to

There was a better reception

for Bilfinger & Berger, up DM14

at DM585, although the con-

struction group forecast a flat

1996 after a profits downturn in

1995. Meanwhile, speculators

took Bremer Vulkan up DM4.20

or 35.6 per cent to DM16 after

the banks gave the embattled

shipbuilder a two-month

rose 13.59 to 1.974.52.

PARIS suspended Chargeurs

Valeo, which did trade.

underweight, short term.

Turnover came back from

yields in the US.

The Nikkei 225 index fell 479.87 to 20,000.40 after fluctuating between 19,977.48 and 20,426.65. Futures lost ground due to overnight weakness in Chicago and fears of higher interest rates. This prompted arbitrage unwinding which hit underlying cash prices.

Volume was estimated at 350m shares, against Monday's 296m. Although some foreign investors bought high-technology stocks and institutional investors placed buy orders at lower levels, technical trading led activity and most investors

stayed away. The Topix index of all first section stocks lost 18.75 or 1.2 per cent at 1,553.37 and the Nikkei 300 was down 3 90 or 1 3 advances by 849 to 214, with

151 issues unchanged. But in London the ISE/Nik-

Futures selling sparked off fears of possible unwinding of the record high outstanding arbitrage balance of 3.3bn shares. Rumours that US hedge funds were selling in the futures market also fuelled technical selling.

loan bailout scheme depressed banks. Leading politicians of the ruling coalition govern-ment had called for an commercial banks, which set up the defunct jusen, or housing loan companies. Dai-Ichi Kangyo Bank declined Y50 to Y1,940 and Fuji Bank Y100 to

Green Cross, one of the five drug companies ordered to compensate haemophiliacs who had contracted the HIV virus through untreated blood products, continued to weaken, falling Y5 to Y627. It admitted

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211.27 203.35
164.74 158.56
154.51 148.71
304.21 292.80
187.99 180.94
189.17 182.07
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175.13 189.56
233.814 222.28
184.22 177.31
232.67 223.34
269.06 258.97

130 08 125.74 140.06 109.21 102.43

187,03 53,85 161,02 302,33 263,53 116,10

122.12 154.24 178.37

148,05 172.47 143,11 142,98 159,41 155,57 124.30 297,75 116,58 154,08

866.91 9440,54 212.87 209.33 61.29 63.77 163.26 208.94 344.10 296.01 299.94 334.95 132.14 162.20 255.13 336.40 174.25 168.79 138.99 180.21 175.55 223.94 203.01 269.08

185.07 206.22 155.82 176.53 221.41 252.48 123.95 112.14 137.07 136.55 197.69 261.40 141.14 149.87

that it had continued to distribute tainted blood products even after the Ministry of Health and Welfare had ordered a recall, and the company had submitted reports of a complete collection of its untreated products.

Exporters were hit by the fall in the dollar. Toshiba slipped Y5 to Y817 and Fujitsu Y10 to Y1,070. Car shares were also lower, with Toyota Motor down Y20 to Y2.250.

in Osaka, the OSE average fell 183.11 to 21,633.78 in volume of 33.6m shares. The high yen hit Nintendo, the video game maker, which fell Y170 to

#### Roundup

Early gains were reversed in TAIPEI as volume drifted down. The weighted index, 41 points higher at one stage, finished down 6.22 at 4,769.64.

A government-promoted fund continued to enter the market and lifted prices in early trade. But the lack of nce cause Taiwan-China relations soon dragged the index down.

The government said that China was building up 150,000 troops for a military exercise on its south-eastern coastline in a move aimed at influencing the outcome of Taiwan's first direct presidential elections on March 23.

Selling by foreign institutions was seen in electronics. Mosel plunged by the daily 7 per cent limit to T\$66.5. HONG KONG featured a

HK\$2.50 spurt by Hang Seng Bank to HK\$74.75 in response to Monday's report of a surge in 1995 operating profits and on what was regarded as its promising growth potential. Elsewhere, the market took its lead from index futures and

the Hang Seng index finished

13.40 weaker at 11,197.02, up from a low of 11,107.75. Turnover remained thin at HK\$5bn. HSBC, whose results came in at the high end of estimates, slipped 50 cents to HK\$124.50 as brokers commented that its charges was still not enough. SINGAPORE was weak on profit-taking in blue chip banks, properties and shipyards after their recent sharp gains. The Straits Times Industrial index fell 25.55 to 2.445.57.

CAM Mechatronic was again actively traded, picking up 4 cents to 92 cents on speculation of a takeover after two top executives sold shares. KUALA LUMPUR pulled

back on expensive share prices, rising US bond yields. and technical resistance at 1,100 on the composite index. The KLSE composite index ended 12.87 or 1.2 per cent

lower at 1,077.19. Bank shares were pulled down by worries of possible

financial fallout from alleged very heavy losses at the stateowned steelmaker Perwaja. BANGKOK moved slightly higher, after falling for five

consecutive trading days, as domestic investors bought blue chips only two minutes before the close. The SET index gained 3.29 at 1,333.86 on Bt5.4bn turnover. Brokers put down the rise to technical trading, with Thai

Farmers Bank topping the list of active stocks in terms of value, and making Bt4 to Bt189. Finance One, the country's largest finance company, firmed Bt2 to Bt148.

SYDNEY fell back in a holding pattern ahead of Saturday's general election. The All Ordinaries index shed 7.4 to 2,258.7. Turnover was A\$470.5m in volume of 210.76m shares. Arnotts was steady at A\$8.52

after announcing slightly improved half-year net profits. The golds index eased 10.6 to 2,102.6, with Plutonic off 25 cents at A\$7.25, but Newcrest rose 8 cents to A\$5.95. WELLINGTON was supported by a good rally in Tele-

com, up 9 cents at NZ\$6.61, while the NZSE-40 Capital index made 5.37 to 2.133.45. Turnover, at NZ\$65m, was boosted by a crossing of 18m shares in Brierley as the stock rose a cent to NZ\$1.28.

MANILA succumbed to a further bout of profit-taking as the composite index fell 39.74 or 1.3 per cent to 2,893.92 in heavy turnover of 6.6km shares. KARACHI fell back on what brokers described as positionsquaring by domestic investors who held speculative stocks. The KSE 100-share index fell 27.78 or 1.5 per cent to 1,750.24 Losers led gainers by 183 to 78. PTCL retreated Rs1.30 to Rs37.85 on reports that the government had asked the group

to make a payment of Rps5.7br in excise duty. BOMBAY was broadly lower in sluggish trade attributed to dealers staying away to watch the World Cup cricket match between India and Australia being played in the city. The 30-share BSE index

dropped 18.81 to 3,519.29.

This announcement appears as a matter of record only



## Bristol-Myers Squibb Company

has acquired



The undersigned acted as financial adviser to **Bristol-Myers Squibb Company** and international broker to the offer



January 1996

245.29 296.25 293.45 164.28 181.67 262.01 167.07 289.11 183.12 203.75 175.42 251.18 112.20 136.18 258.23 149.16 252.03 140.49 -1.2 -0.6 -0.5 0.1 -0.3 -1.2 -0.5 -0.5 -0.6 -0.3 2.17 3.02 2.05 1.18 2.05 2.19 2.44 2.92 2.08 1.93 2.58 236.09 198.51 282.44 156.12 174.85 252.18 160.05 278.26 176.25 199.68 233.08 171.87 145.95 183.39 156.37 262.26 192.77 187.07 182.92 292.68 229.25 184.71 156.72 207.64 166.82 242.17 187.55 197.05 141.14 149.87 218.13 253.52 18.16 140.88 124.01 191.66 121.39 137.53 277.00 178.40 189.63 120.76 \_0.5 200.90 137.53 156.98

